

Council Offices
Argyle Road
Sevenoaks
Kent
TN13 1HG



Despatched: 13.02.17

I hereby summon you to attend the meeting of the Sevenoaks District Council to be held in the Council Chamber, Council Offices, Argyle Road, Sevenoaks commencing at 7.00 pm on 21 February 2017 to transact the under-mentioned business.

Chief Executive

AGENDA

Apologies for absence

1. To approve as a correct record the minutes of the meeting of the Council held on 22 November 2016 (Pages 1 - 8)
2. To receive any declarations of interest not included in the register of interest from Members in respect of items of business included on the agenda for this meeting
3. Chairman's Announcements
4. To receive any questions from members of the public under paragraph 17 of Part 2 (The Council and District Council Members) of the Constitution.
5. To receive any petitions submitted by members of the public under paragraph 18 of Part 2 (The Council and District Council Members) of the Constitution.
6. Matters considered by the Cabinet and/or Scrutiny Committee
 - a) Calculation of Council Tax Base and other tax setting issues (Pages 9 - 20)
 - b) Treasury Management Strategy 2017/18 (Pages 21 - 68)
 - c) Budget and Council Tax Setting 2017/18 (Pages 69 - 122)

7. Matters considered by other standing committees
 - a) Gambling Act 2005: Licence Fees from April 2017 (Pages 123 - 130)
 - b) Local Government (Miscellaneous Provisions) Act 1982: Licence Fees from April 2017 (Pages 131 - 136)
 - c) Monitoring Officer's Annual Report (Pages 137 - 154)
 - d) Members' Allowances Scheme (Pages 155 - 172)
8. To consider the following reports from the Chief Executive or other Chief Officers on matters requiring the attention of Council:
 - a) Pay Policy Statement (Pages 173 - 184)
 - b) Appointment to outside organisations - Sevenoaks Town Neighbourhood Development Plan Steering Committee (Pages 185 - 190)
9. To consider any questions by Members under paragraph 19.3 of Part 2 (The Council and District Council Members) of the Constitution, notice of which have been duly given.
10. To consider any motions by Members under paragraph 20 of Part 2 (The Council and District Council Members) of the Constitution, notice of which have been duly given.
11. To receive the report of the Leader of the Council on the work of the Cabinet since the last Council meeting. (Pages 191 - 192)

EXEMPT ITEMS

At the time of preparing this agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public.

To assist in the speedy and efficient despatch of business, Members wishing to obtain factual information on items included on the Agenda are asked to enquire of the appropriate Contact Officer named on a report prior to the day of the meeting.

Should you require a copy of this agenda or any of the reports listed on it in another format please do not hesitate to contact the Democratic Services Team as set out below.

For any other queries concerning this agenda or the meeting please contact:

Democratic Services (01732 227000/ democratic.servces@sevenoaks.gov.uk)

DISTRICT COUNCIL OF SEVENOAKS

Minutes of the Meeting of the Sevenoaks District Council
held on 22 November 2016 commencing at 7.00 pm

Present: Cllr. Raikes (Chairman)

Cllrs. Ball, Barnes, Mrs. Bosley, Clark, Dickins, Edwards-Winser, Eyre, Fleming, Grint, Halford, Hogarth, Hogg, Horwood, Mrs. Hunter, Kelly, Kitchener, Krogdahl, Lake, Layland, London, Lowe, Maskell, McArthur, McGregor, Mrs. Morris, Parkin, Parson, Pearsall, Pett, Piper, Purves, Reay, Scott, Searles, Miss. Stack, Ms. Tennessee and Thornton

Apologies for absence were received from Cllrs. Abraham, Mrs. Bayley, Bosley, Brown, Dr. Canet, Clack, Cooke, Dyball, Esler, Gaywood, Lindsay, Scholey and Williamson.

16. To approve as a correct record the minutes of the meeting of the Council held on 21 July 2016

Resolved: That the Minutes of the meeting of the Council held on 21 July 2016 be approved and signed as a correct record.

17. To receive any declarations of interest not included in the register of interest from Members in respect of items of business included on the agenda for this meeting

No additional declarations of interest were received.

18. Chairman's Announcements

The Chairman announced that he had an interesting and fascinating few months. He had been struck when going round the district, by how fortunate the district was to have people who cared more for people and their community than the monetary aspects. For example the Forget me not cafés, which were held once a month to support people and carers living with dementia. Since the last meeting he had held one civic at the Kent Wildlife Reserve of which there would be an article in next the InShape, and again these were people who cared for their community and environment. On the same note, Council staff for example had just raised £530.95 through bingo, dressing up, cake sales and donations for Children in Need. Members expressed their appreciation.

The Chairman further announced that the Council had again been doing well with awards. The Council had been: finalists for Efficiency and Transformation in the Association of Public Sector Excellence Awards; shortlisted in the Finance category for the Guardian Public Sector Awards and also subject of an article on keeping services in-house, due to be published at the end of November; shortlisted in the Local Government Chronicle Awards for Entrepreneurial Council of the Year and also Council of the Year; and had won the Dementia Friendly Organisation award from the Kent Dementia Alliance.

The Chairman advised that annual Christmas Staff carol service was taking place on Tuesday 6 December 2016 in St Luke's Church at 10am to which all Members were welcome.

This was the first meeting of Council since the passing of Councillor Robert Brookbank, in August. The Chairman further announced the sad passing of two former Chairmen: David Coates 1996-97, Labour ward member for Swanley White Oak 1995-2007; and former Chairman Norma Munson Chairman 1998-99 Liberal Democrat ward member for Kemsing 1995-99 Members held a moments silence in their memory.

19. To receive any questions from members of the public under paragraph 17 of Part 2 (The Council and District Council Members) of the Constitution.

No questions had been received.

20. To receive any petitions submitted by members of the public under paragraph 18 of Part 2 (The Council and District Council Members) of the Constitution.

No petitions were received.

21. Matters considered by the Cabinet

- (a) Development of Buckhurst 2 Car Park

Councillor Fleming proposed and Councillor Dickins seconded, the recommendation from Cabinet. The report sought approval to develop the existing Buckhurst 2 car park to provide additional town centre parking capacity and residential accommodation.

The Leader reminded Members that this was the second set of proposals for developing Buckhurst 2. There were a number of funding scenarios of which he had moved option c as it was clearly the best in financial terms and provided much needed housing.

Cllr Purves stated that the report included provision for residential accommodation to help offset costs, and SP3 of the Core Strategy required that 30% of units should

be affordable with the preference for those to be provided on site, although in exceptional circumstances a financial contribution could be made towards off site provision. She referred to the Cabinet Minutes of 13 October which stated “as none of the houses constructed as part of the scheme were likely to fall within the definition of affordable there was provision for off-site affordable housing. She then queried that with a shortage of affordable housing, and it being an ideal location for affordable housing, were there really “exceptional circumstances” in this case.

In response the Leader stated that if the report was approved a planning application would need to be prepared and submitted and that it was at that stage that the type and mix of housing would be looked at. If it did not fall within the definition of affordable there would be provision for off-site affordable housing.

Councillor Purves further asked that rather than build the housing suggested within the scheme, why not consider building a terrace of 20 x 2 bed houses for keyworkers and the retired. The Leader responded that the scheme presented in the report was what worked financially, however as already stated these issues would be looked at as part of any planning application.

Resolved: That

- a) a planning application be submitted to provide additional long stay parking at the Buckhurst 2 Car Park, Sevenoaks;
- b) the planning application include provision for residential accommodation to partly offset the costs of the proposed car park;
- c) the preferred funding method be scenario C as detailed within the report.

(b) Christmas Parking 2016

Councillor Fleming proposed and Councillor Dickins seconded, the recommendation from Cabinet. The report sought funding from supplementary estimates for free parking on two Saturdays preceding Christmas.

Resolved: That the cost in terms of lost income for free Christmas parking be funded from Supplementary Estimates.

(c) Council Tax Reduction Scheme

Councillor Fleming proposed and Councillor Lowe seconded, the recommendation from Cabinet. The report sought adoption of the Council Tax Reduction Scheme 2017/18. The Leader explained that the Council had to work with the other preceptors and had done their best to look at the scheme and mitigate its effect and impact on residents.

Resolved: That

- a) the outcome of the public consultation and the consultation with Kent County Council as set out at Appendix A and B to the report be considered and noted;
- b) the potential impacts of the proposed changes on working age claimants with the protected characteristics of disability, age and sex, as set out in the Equality Impact Assessment at Appendix D to the report, be noted;
- c) the following amendments to the current CTRS be adopted and take effect from 1 April 2017:
 - i. the maximum level of support for working-age claimants be reduced from 81.5% to 80%;
 - ii. the Family Premium be removed for all new working-age claimants;
 - iii. the backdating provision be reduced from six months to one month;
 - iv. as a result of concerns raised through consultation, a minimum level of income be introduced for self-employed earners after two years of trading (rather than one year as initially proposed);
 - v. the period for which a person can be absent from Great Britain and still receive Council Tax Reduction is reduced from thirteen weeks to four weeks;
 - vi. foreign nationals with limited immigration status (Persons from Abroad) are excluded from receiving Council Tax Reduction; and
 - vii. a scheme to help claimants suffering exceptional financial hardship is introduced.
- d) subject to Government making the relevant amendments to the Housing Benefit regulations, the following amendments to the current CTRS be adopted and take effect from 1 April 2017:
 - i. the Work Related Activity Component is removed from the calculation of Council Tax Reduction for new claims from working-age claimants who are in receipt of Employment and Support Allowance; and
 - ii. the dependent child addition used in the calculation of Council Tax Reduction is limited to a maximum of two children.
- e) the Exceptional Hardship Policy as set out at Appendix C to this report be adopted.

22. Matters considered by other standing committees

- (a) Proposed implementation of the electronic knowledge test for Hackney Carriage and Private Hire driver applicants

Councillor Fleming proposed and Councillor Mrs. Morris seconded the recommendations from the Licensing Committee.

Resolved: That the implementation of the electronic knowledge test and the requirement for all prospective Hackney Carriage and Private Hire driver applicants to be subject to the test prior to application, be approved.

- (b) Future appointment of External Auditors

Councillor Fleming proposed and Councillor Grint seconded the recommendations from the Audit Committee. Councillor Grint advised that there were three potential routes to make the appointment: make a stand alone appointment; set up a joint auditor panel; or opt in to a sector led body. The Audit Committee had received two reports on the subject and were recommending that Council approved Option 3 which was to opt in to the sector led body. The body would be 'Public Sector Audit Appointments' (PSAA) which had been established by the Local Government Association (LGS) and the majority of authorities had expressed interest in taking this option.

The benefits included: securing competitive prices through economies of scale; avoiding the need to establish an auditor panel; and having the same auditors as partner authorities which should result in efficiencies. He therefore recommended the motion before Council.

Resolved: That the Council opt in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.

- (c) Outcome of electoral review workshop

Councillor Fleming proposed and Councillor Pett seconded the recommendations from the Governance Committee.

Resolved: That no action be taken at this stage, but the matter be reconsidered shortly after the 2019 local elections.

- (d) 2018 Parliamentary boundary review

Councillor Fleming proposed and Councillor Pett seconded the recommendations from the Governance Committee.

Resolved: That

- a) the Boundary Commission for England proposals for Parliamentary boundaries for the Sevenoaks District Council area are noted; and
- b) the Council submit a consultation response to the Boundary Commission for England based on the views collated from Members as set out at Appendix B to the report with the additional comments submitted at the meeting of the Governance Committee, and agreed with the Chairman of the Governance Committee.

23. To consider the following reports from the Chief Executive or other Chief Officers on matters requiring the attention of Council:

(a) Committee Memberships

Councillor Fleming proposed and Councillor Lowe seconded the report which sought approval of the revised committee memberships and advised Council of a change in Cabinet membership.

Resolved: That the revised appointments and membership for 2017/18, attached as an Appendix to the report, be approved.

(b) Draft calendar of meetings for the municipal year 2017/18

Councillor Fleming proposed and Councillor Lowe seconded the report which sought approval of the draft calendar of meetings 2017/18.

Resolved: That the draft calendar of meetings for 2017/18 be approved subject to formal adoption at the Annual Meeting of the Council on 9 May 2017.

24. To consider any questions by Members under paragraph 19.3 of Part 2 (The Council and District Council Members) of the Constitution, notice of which have been duly given.

No questions had been received.

25. To consider any motions by Members under paragraph 20 of Part 2 (The Council and District Council Members) of the Constitution, notice of which have been duly given.

No motions had been received.

26. To receive the report of the Leader of the Council on the work of the Cabinet since the last Council meeting.

The Leader of the Council reported on the work that he and the Cabinet had undertaken in the period 11 July to 8 November 2016.

In response to questions he advised that the meeting with Marks & Spencers had been to discuss the lack of parking in the town centre, and as the Council no longer had the ability to own or rent any housing stock the only way to look at any future schemes would be through the Council's trading company Quercus 7.

THE MEETING WAS CONCLUDED AT 7.29 PM

CHAIRMAN

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Item 6 (a) - Calculation of Council Tax Base and other Tax Setting Issues

The attached report was considered by the Cabinet, relevant minute extract below:

Cabinet - 23 January 2017 (Minute 61)

The Principal Accountant presented the report which set out details of the calculation of the District's tax base for council tax setting purposes. These figures were used to determine tax rates for each of the council tax bands once the Council's budget requirement was known. The report also advised Members of the timetable for setting the 2017/18 council tax.

He stated that as part of the budget cycle the Council was required to calculate the council tax base of the district for tax setting purposes for the coming financial year and that the calculation had to be approved by Cabinet and Full Council. He explained that the tax base was determined by converting all property and occupancy data to the equivalent number of band D properties and that this figure was used to calculate the band D charge.

The report showed that the current tax base for 2016/17 was 48,895.68 and the tax base for 2017/18 would be 49,382.42, an increase of 1%. Apart from the increase in the number of dwellings, there was a fluctuation in the number of discounts granted each year.

A collection rate of 99.4% had been included which was the same as the rate used in 2016/17.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Council that

- a) the report of the Chief Finance Officer for the calculation of the Council's tax base for the year 2017/18 be approved;
- b) pursuant to the report of the Chief Finance Officer and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as its council tax base for the whole area for the year 2017/18 shall be 49,382.42;
- c) pursuant to the report of the Chief Finance Officer and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by

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the Sevenoaks District Council as the council tax base for 2017/18 for the calculation of local precepts shall be:

<u>Parish</u>	<u>Tax Base</u>
Ash-cum-Ridley	2,417.81
Badgers Mount	329.71
Brasted	772.34
Chevening	1,448.06
Chiddingstone	595.80
Cowden	406.15
Crockenhill	647.99
Dunton Green	1,116.66
Edenbridge	3,505.34
Eynsford	929.09
Farningham	650.57
Fawkham	284.48
Halstead	760.41
Hartley	2,527.05
Hever	599.88
Hextable	1,650.64
Horton Kirby & South Darent	1,292.20
Kemsing	1,824.29
Knockholt	619.36
Leigh	818.76
Otford	1,668.43
Penshurst	829.69
Riverhead	1,237.13
Seal	1,198.96
Sevenoaks Town	9,315.37
Sevenoaks Weald	619.66
Shoreham	682.88
Sundridge	924.22
Swanley	5,407.86
Westerham	1,979.25
West Kingsdown	2,322.38

- d) any expenses incurred by the Council in performing in part of its area a function performed elsewhere in its area by a parish or community council or the chairman of a parish meeting shall not be treated as special expenses for the purposes of section 35 of the Local Government Finance Act 1992.

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CALCULATION OF COUNCIL TAX BASE AND OTHER TAX SETTING ISSUES

Council - 21 February 2017

Report of the: Chief Finance Officer

Status: For Decision

Also considered by: Cabinet - 12 January 2017

Key Decision: No

Executive Summary:

This report sets out details of the calculation of the District’s tax base for council tax setting purposes. These figures are used to determine tax rates for each of the council tax bands once the Council’s budget requirement is known. The report also advises Members of the timetable for setting the 2017/18 council tax.

This report supports the Key Aim of efficient management of the Council’s resources.

Portfolio Holder Cllr. John Scholey

Contact Officer Roy Parsons, Principal Accountant - Ext 7204

Recommendation to Cabinet: That it be recommended to Council that:

- (a) the report of the Chief Finance Officer for the calculation of the Council’s tax base for the year 2017/18 be approved;
- (b) pursuant to the report of the Chief Finance Officer and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as its council tax base for the whole area for the year 2017/18 shall be 49,382.42;
- (c) pursuant to the report of the Chief Finance Officer and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as the council tax base for 2017/18 for the calculation of local precepts shall be:

<u>Parish</u>	<u>Tax Base</u>
Ash-cum-Ridley	2,417.81
Badgers Mount	329.71
Brasted	772.34

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Chevening	1,448.06
Chiddingstone	595.80
Cowden	406.15
Crockenhill	647.99
Dunton Green	1,116.66
Edenbridge	3,505.34
Eynsford	929.09
Farningham	650.57
Fawkham	284.48
Halstead	760.41
Hartley	2,527.05
Hever	599.88
Hextable	1,650.64
Horton Kirby & South Darent	1,292.20
Kemsing	1,824.29
Knockholt	619.36
Leigh	818.76
Otford	1,668.43
Penshurst	829.69
Riverhead	1,237.13
Seal	1,198.96
Sevenoaks Town	9,315.37
Sevenoaks Weald	619.66
Shoreham	682.88
Sundridge	924.22
Swanley	5,407.86
Westerham	1,979.25
West Kingsdown	2,322.38

- (d) any expenses incurred by the Council in performing in part of its area a function performed elsewhere in its area by a parish or community council or the chairman of a parish meeting shall not be treated as special expenses for the purposes of section 35 of the Local Government Finance Act 1992.

Recommendation to Council: That the various calculations detailed above be approved.

Reason for recommendations: As part of the tax setting process for 2017/18, the Council needs to formally approve the tax base at individual town and parish level as well as for the District as a whole.

Introduction and Background

- 1 The Local Authorities (Calculation of Council Tax Base) Regulations 1992, made under powers of the Local Government Finance Act 1992, specify formulae for calculating the council tax base which must be set between 1 December and 31 January.
- 2 The council tax base is a measure of the number of dwellings to which council tax is chargeable in an area or part of an area. It is used for the purposes of calculating a billing authority's and other precepting authorities' band D council tax.
- 3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the Council's estimated collection rate for the year.
- 4 The Council is required to calculate a tax base figure for the Department for Communities & Local Government (DCLG). This is based on the valuation list as at 12 September 2016 and occupancy information at 3 October 2016. The tax base for tax setting purposes is based on information available in December 2016. In addition, other factors may be taken into account to reflect likely changes to the tax base during 2017/18. These factors include:-
 - An allowance for changes in the amount of disabled relief
 - An allowance for changes in the number of exempt properties
 - An estimate of the number of new properties liable to council tax
 - An estimate of the number of properties ceasing to be liable to council tax
 - An allowance for changes in the number of single person discounts
 - An allowance for the effect of appeals by taxpayers on the banding of their properties
- 5 It has always been the practice to assume that these items will be self-balancing and hence no adjustment to the overall tax base was made other than the usual allowance for non-collection. Over the last few years the tax base has been rising due to new properties being built. However, the rate of increase is not significant enough to warrant a change from the self-balancing assumption.

Detailed Tax Base Calculations

- 6 The current year's tax base calculation assumes a 99.4% collection rate, which also allows for some movement in the items mentioned in Paragraph

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4. Having assessed previous years' collection rates plus the effect of changes to council tax support, it is considered prudent to maintain the assumed collection rate at 99.4% for 2017/18.

- 7 The second column of the table below sets out the number of band D equivalents based on the valuation list and occupancy information at 1 December 2016 for each parish, together with a summary for the District. The figures are then subjected to the collection rate adjustment in column 3 to arrive at the tax base for council tax setting purposes appearing in column 4. The corresponding figures for 2016/17 appear in column 5.

<u>(1)</u> Parish	<u>(2)</u> Band D Equivalents	<u>(3)</u> Collection Rate Multipliers	<u>(4)</u> Tax base 2017/18	<u>(5)</u> Tax base 2016/17
Ash-cum-Ridley	2,432.40	0.994	2,417.81	2,407.77
Badgers Mount	331.70	0.994	329.71	330.21
Brasted	777.00	0.994	772.34	783.17
Chevening	1,456.80	0.994	1,448.06	1,443.79
Chiddingstone	599.40	0.994	595.80	599.08
Cowden	408.60	0.994	406.15	416.68
Crockenhill	651.90	0.994	647.99	646.70
Dunton Green	1,123.40	0.994	1,116.66	993.01
Edenbridge	3,526.50	0.994	3,505.34	3,462.90
Eynsford	934.70	0.994	929.09	924.22
Farningham	654.50	0.994	650.57	638.94
Fawkham	286.20	0.994	284.48	283.79
Halstead	765.00	0.994	760.41	759.02
Hartley	2,542.30	0.994	2,527.05	2,510.65
Hever	603.50	0.994	599.88	599.68
Hextable	1,660.60	0.994	1,650.64	1,645.57
Horton Kirby & South Darent	1,300.00	0.994	1,292.20	1,277.09
Kemsing	1,835.30	0.994	1,824.29	1,816.83
Knockholt	623.10	0.994	619.36	619.96
Leigh	823.70	0.994	818.76	803.25
Otford	1,678.50	0.994	1,668.43	1,664.06
Penshurst	834.70	0.994	829.69	835.26
Riverhead	1,244.60	0.994	1,237.13	1,232.06

Seal	1,206.20	0.994	1,198.96	1,193.50
Sevenoaks Town	9,371.60	0.994	9,315.37	9,225.61
Sevenoaks Weald	623.40	0.994	619.66	613.40
Shoreham	687.00	0.994	682.88	677.81
Sundridge	929.80	0.994	924.22	921.84
Swanley	5,440.50	0.994	5,407.86	5,308.16
Westerham	1,991.20	0.994	1,979.25	1,957.48
West Kingsdown	2,336.40	0.994	2,322.38	2,304.19
TOTALS	49,680.50		49,382.42	48,895.68

- 8 The Council has previously resolved that its expenses are to be treated as general expenses. In addition the Council has formally to approve what are to be regarded as special expenses now that parish precepts are treated as part of the District Council's general fund and therefore its budget requirement.

Timetable for Setting the Tax

- 10 The County Council and Fire and Rescue Service have advised me of their budget meeting dates for 2017/18. Confirmation of the Police & Crime Commissioner's budget meeting date is awaited:

County Council	9 February 2017
Police & Crime Commissioner	Expected mid February 2017
Fire and Rescue Service	13 February 2017

- 11 The council tax for the Sevenoaks area cannot be set before the Fire, Police or County precepts have been ratified. There are several dates laid down in regulations on, or by which, certain tasks in relation to the budget process and tax setting have to be carried out. These key dates appear in the Appendix.
- 12 As part of the tax setting process, the Council is required to make an estimate of the collection fund surplus or deficit at 15 January 2017 or the first working day after this, for the year ending 31 March 2017.
- 13 The amount of any surplus or deficit which a billing authority estimates in its collection fund will not remain in the collection fund but will be shared and taken into account by both billing and major precepting authorities in calculating their basic amounts of council tax for 2017/18.
- 14 In estimating any surplus or deficit, items relating to community charge will not be taken into account. These are to remain with the billing authority and will be taken into account by it in calculating its basic amount of council tax for the year.

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- 15 An authority's share of any surplus or deficit relating to council tax is to be in the same proportion as its demand bears to the total demand and precepts on the collection fund for 2016/17. Payment is to be made during 2017/18 on the same dates as precept payments.

Key Implications

Financial

There are no financial implications.

Community Impact and Outcomes

There are no community impacts arising from this report.

Legal Implications and Risk Assessment Statement

Calculation of the tax base for the District is a statutory requirement. The information is used by other authorities in setting their precepts. The actual tax base will vary during the year as new properties are built and exemptions and discounts are granted or withdrawn. Any difference in the revenue raised to that needed to pay precepts remains in the collection fund to be distributed to or collected from major precepting authorities in the following year.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

Members are asked to approve the calculation of the District's tax base for council tax setting purposes and to note the timetable for setting the 2017/18 council tax.

Appendices: Appendix A - Key dates in the council tax setting process

Background Papers: None

Adrian Rowbotham
Chief Finance Officer

KEY DATES IN THE COUNCIL TAX SETTING PROCESS

- i) By 14 October 2016 Notify tax base for grant settlement purposes to Department for Communities & Local Government (DCLG)
- ii) During December 2016 DCLG notifies schedule of payment dates for Revenue Support Grant (RSG) and Non-Domestic Rates (NDR). DCLG notifies the NDR multiplier (rate in £) for 2017/18
- iii) By 31 December 2016 Issue proposed schedule of payment dates to precepting authorities
- iv) By 31 January 2017 Agree actual schedule of precept payment dates
- v) Between 1 December 2016 and 31 January 2017 Notify tax base for tax setting purposes to KCC, Fire & Rescue Service and Police & Crime Commissioner
- vi) On 16 January 2017 Estimate collection fund surplus or deficit for year and calculate the amount to be shared between SDC, KCC, Fire and Police (where applicable)
- vii) By 23 January 2017 Notify KCC, Fire and Police of their shares of the surplus or deficit and when amounts are to be paid or transferred during 2017/18 (where applicable)
- viii) During January and February 2017 Notify Town/Parish Councils of tax bases for their areas within 10 days of them making such a request
- ix) During February 2017 DCLG notifies entitlements and payment dates of Formula Spending Share (FSS), RSG and NDR
- x) By 1 March 2017 KCC, Fire & Rescue Service, Police & Crime Commissioner and Town/Parish Councils issue their precepts
- xi) By 11 March 2017 District sets council tax for 2017/18, taking account of its own budget requirement and those of the precepting authorities.

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Item 6 (b) - Treasury Management Strategy 2017/18

The attached report was considered by the Cabinet on 9 February 2017 and the relevant minute extract was not available prior to printing of these papers.

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TREASURY MANAGEMENT STRATEGY 2017/18

Council - 21 February 2017

Report of the: Chief Finance Officer

Status: For Decision

Also considered by: Finance Advisory Committee - 31 January 2017

Cabinet - 9 February 2017

Key Decision: No

Executive Summary: The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by investment guidance issued subsequent to the Act). This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

This report supports the Key Aim of efficient management of the Council's resources.

Portfolio Holder Cllr. John Scholey

Contact Officer Roy Parsons, Principal Accountant - Ext 7204

Recommendation to Finance Advisory Committee: That the recommendation to Cabinet be approved.

Recommendation to Cabinet: That, subject to the views of the Finance Advisory Committee, Cabinet recommend that Council approve the Treasury Management Strategy for 2017/18.

Recommendation to Council: That the Treasury Management Strategy for 2017/18 be approved.

Reason for recommendations: To ensure that an appropriate and effective annual Treasury Management Strategy is drawn up in advance of the forthcoming financial year, which meets both legislative and best practice requirements.

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Background

- 1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 3 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Introduction

Reporting requirements

- 4 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Finance Advisory Committee.
- 5 Prudential and Treasury Indicators and Treasury Strategy (This report) - The first, and most important report covers:
 - the capital plans (including prudential indicators);
 - a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
 - the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
 - an investment strategy (the parameters on how investments are to be managed).

- 6 A Mid Year Treasury Management Report - This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- 7 An Annual Treasury Report - This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Treasury Management Strategy for 2017/18

- 8 The strategy for 2017/18 covers two main areas:

Capital Issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) strategy.

Treasury management Issues

- the current treasury position;
 - treasury indicators which will limit the treasury risk and activities of the Council;
 - prospects for interest rates;
 - the borrowing strategy;
 - policy on borrowing in advance of need;
 - the investment strategy;
 - creditworthiness policy; and
 - policy on the use of external service providers.
- 9 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Department of Communities and Local Government (CLG) MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

Training

- 10 The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training was last undertaken in 2010 and further training will be arranged as required.
- 11 The training needs of treasury management officers are reviewed periodically.

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Treasury management consultants

- 12 The Council uses Capita Asset Services, Treasury Solutions as its external treasury management advisors.
- 13 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 14 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and subjected to review.

Capital Issues

The Capital Prudential Indicators 2017/18 - 2019/20

- 15 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

Capital Expenditure

- 16 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Capital Expenditure	8,249	15,640	6,873	13,437	3,038

- 17 Other long term liabilities. The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.
- 18 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

	2015/16 Actual £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Capital Expenditure	8,249	15,640	6,873	13,437	3,038
Financed by:					
Capital receipts	3,336	137	1,591	4,000	400
Capital grants	802	534	889	889	889
Capital reserves	3,782	9,955	45	0	0
Revenue	329	514	548	2,548	1,149
Net financing need for the year	0	4,500	3,800	6,000	600

The Council's Borrowing Need (the Capital Financing Requirement)

- 19 The second prudential indicator is the Council's capital financing requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.
- 20 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.
- 21 The CFR includes any other long term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £0.2m of such schemes within the CFR.
- 22 The Council is asked to approve the CFR projections below:

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	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Capital Financing Requirement					
Total CFR	101	4,580	8,179	13,833	13,860
Movement in CFR	(21)	4,479	3,599	5,654	27

Movement in CFR represented by:					
Net financing need for the year (above)	0	4,500	3,800	6,000	600
<u>Less</u> MRP/VRP and other financing movements	(21)	(21)	(201)	(346)	(573)
Movement in CFR	(21)	4,479	3,599	5,654	27

Note:- The MRP / VRP includes finance lease annual principal payments

Minimum Revenue Provision (MRP) Policy Statement

- 23 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).
- 24 CLG Regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:
- 25 For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be based on CFR.
- 26 This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.

27 From 1 April 2008 for all unsupported borrowing (including PFI and finance leases), the MRP policy will be either:

- Asset life method - MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction); or
- Depreciation method - MRP will follow standard depreciation accounting procedures.

These options provide for a reduction in the borrowing need over approximately the asset's life. Repayments included in annual PFI or finance leases are applied as MRP.

28 It is proposed to use the 'Asset life method' in the calculation of the Council's MRP. In choosing to do so, there are two options available:

- Equal instalments - where the principal repayment made is the same in each year; or
- Annuity - where the principal repayments increase over the life of the asset.

29 Of the two options, the annuity method seems to be the most suitable for the Council at this time, particularly for assets that generate income. It matches the repayment profile to how the benefits of the asset financed by borrowing are consumed over its useful life (i.e. it reflects the fact that asset deterioration is slower in the early years of an asset and accelerates towards the latter years). Interest will be greater at the beginning of the loan, at which time all of the principal is outstanding, so the amount of principal repayment is lower in the initial years. The schedule of charges produced by the annuity method results in a consistent charge of principal and interest over an asset's life, taking into account the real value of the annual charges when they fall due.

30 MRP commences in the financial year following that in which the expenditure is incurred, or in the year following that in which the relevant asset becomes operational. This enables an MRP "holiday" to be taken in relation to assets which take more than one year to be completed before they become operational.

Core Funds and Expected Investment Balances

31 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an on-going impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

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Year End Resources	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Fund balances / reserves	24,095	20,302	19,323	17,261	17,365
Capital receipts	381	4,589	4,488	488	88
Provisions	534	534	534	534	534
Other	0	0	0	0	0
Total core funds	25,010	25,425	24,345	18,283	17,987
Working capital*	9,735	9,835	9,935	10,035	10,135
(Under)/over borrowing	0	(4,580)	(5,179)	(4,953)	(4,740)
Expected investments	34,745	30,680	29,101	23,365	23,382

*Working capital balances shown are estimated year end; these may be higher mid year

Affordability Prudential Indicators

- 32 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of Financing Costs to Net Revenue Stream

- 33 This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs, net of investment income) against the net revenue stream.

	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Estimate	Estimate	Estimate	Estimate
Ratio	(3.00%)	(2.00%)	0.00%	1.00%	0.00%

The estimates of financing costs include current commitments and the proposals in the budget report.

Incremental Impact of Capital Investment Decisions on Council Tax.

- 34 This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council’s existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Estimate	Estimate	Estimate	Estimate
Council tax band D	£0.00	(£0.04)	(£0.05)	£0.00	(£0.01)

Treasury Management Issues

Borrowing

- 35 The capital expenditure plans set out above provide details of the service activity of the Council. The treasury management function ensures that the Council’s cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

Current Portfolio Position

- 36 The Council’s treasury portfolio position at 31 December 2016 appears in Appendix A.
- 37 The Council’s treasury portfolio position at 31 March 2016, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement or CFR), highlighting any over or under borrowing.

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	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Estimate	Estimate	Estimate	Estimate
External Debt					
Debt at 1 April	0	0	0	3,000	8,880
Expected change in Debt	0	0	3,000	5,880	240
Other long-term liabilities (OLTL)	0	0	0	0	0
Expected change in OLTL	0	0	0	0	0
Actual gross Debt at 31 March	0	0	3,000	8,800	9,120
The Capital Financing Requirement (CFR)	101	4,580	8,179	13,833	13,860
Under / (over) borrowing	101	4,580	5,179	4,953	4,740

- 38 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.
- 39 The Chief Finance Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.
- 40 The above mentioned portfolio position shows that, at present, this authority does not borrow. This has been the position for a number of years. However, this may change in future and hence the strategy needs to deal with such a situation, should it arise.

Treasury indicators which will limit the treasury risk and activities of the Council

Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary

- 41 This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Debt	10,000	20,000	20,000	20,000
Other long term liabilities	0	0	0	0
Total	10,000	20,000	20,000	20,000

The Authorised Limit for external debt

- 42 A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
- 43 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
- 44 The Council is asked to approve the following Authorised Limit:

Authorised limit	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Debt	10,000	20,000	20,000	20,000

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Other long term liabilities	0	0	0	0
Total	10,000	20,000	20,000	20,000

Prospects for Interest Rates

- 45 The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Appendix B draws together a number of current City forecasts for short term and longer fixed interest rates. Appendix C contains Capita Asset Services' latest economic background report.

Borrowing Strategy

- 46 At present, there are no capital borrowings. However, should this change during 2017/18, the Council would look to maintain an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement or CFR) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is considered a prudent one as investment returns are low and counterparty risk is relatively high.
- 47 Against this background and the risks within the economic forecast, caution will be adopted with the 2017/18 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
 - *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*
- 48 Any decisions will be reported to the appropriate decision making body at the next available opportunity.

Treasury Management Limits on Activity

49 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs and/or improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position, net of investments.
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates.
- Maturity structure of borrowing. These gross limits are set to reduce the Council’s exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

50 The Council is asked to approve the following treasury indicators and limits:

	2017/18	2018/19	2019/20
	%	%	%
Interest rate exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100	100	100
Limits on variable interest rates based on net debt	50	50	50
Maturity structure of fixed interest rate borrowing 2017/18			
		Lower	Upper
Under 12 months		0	100
12 months to 2 years		0	100

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2 years to 5 years	0	100
5 years to 10 years	0	100
10 years and above	0	100
Maturity structure of variable interest rate borrowing 2017/18		
	Lower	Upper
Under 12 months	0	100
12 months to 2 years	0	100
2 years to 5 years	0	100
5 years to 10 years	0	100
10 years and above	0	100

As borrowing is yet to be undertaken, the maturity structures have all been set with an upper limit of 100%. If and when this happens, these limits can be refined in light of actual borrowing patterns.

Policy on borrowing in advance of need

- 51 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 52 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Municipal Bonds Agency

- 53 It is likely that the Municipal Bonds Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). If the Council does borrow in the future it intends to make use of this new source of funding as and when appropriate.

Annual Investment Strategy

Investment Policy

- 54 The Council's investment policy has regard to the Department of Communities and Local Government (CLG) Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.
- 55 In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.
- 56 Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" (CDS) and overlay that information on top of the credit ratings.
- 57 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 58 Investment instruments identified for use in the financial year are listed in Appendix D under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set below.

Creditworthiness Policy

- 59 This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:
- credit watches and credit outlooks from credit rating agencies;
 - CDS spreads to give early warning of likely changes in credit ratings;

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- sovereign ratings to select counterparties from only the most creditworthy countries.

60 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No Colour as individually specified in the Strategy

	Colour (and long term rating where applicable)	Money and/or % Limit	Time Limit
A. Banks - UK	Purple	£7m	2 years
B. Banks - UK	Orange	£7m	1 year
C. Banks - UK (part nationalised)	Blue	£10m	1 year
D. Banks - UK	Red	£7m	6 months
E. Banks - UK	Green	£7m	100 days
F. Banks - UK	No Colour	Not to be used	
G. Banks - non UK	All Colours	£5m	Dependent on Colour
H. Council's banker (if not meeting Banks A. to G.)	N/A	£7m	1 day
I. Other institutions limit	All Colours	£5m	Dependent on Colour

J. Other institutions limit	No Colour	£4m	100 days
K. DMADF	AAA	£5m	6 months
L. Local authorities	N/A	£5m	2 years
	Fund rating	Money and/or % Limit	Time Limit
M. Money market funds	AAA	£5m (per fund)	Liquid
N. Enhanced money market funds	AAA	£5m (per fund)	Liquid

- 61 The Capita Asset Services creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.
- 62 Typically the minimum credit ratings criteria the Council uses will be a Short Term rating (Fitch or equivalents) of short term rating F1 and a long term rating A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- 63 All credit ratings will be monitored regularly. The Council is alerted to changes to ratings of all three agencies through its use of the Capita Asset Services creditworthiness service.
- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
 - in addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Capita Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
- 64 Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

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Country limits

- 65 The Council has determined that it will only use approved counterparties from countries that have a minimum sovereign credit rating of AA- from Fitch and where those countries have been approved by the Finance Advisory Committee. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix E. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Other creditworthiness issues

- 66 The Council's current investment policy further limits the one proposed by Capita Asset Services as follows:-
- a. Maximum investment period of two years. Part nationalised UK banks also have a two year duration limit.
 - b. Investments in any single institution or institutions within a group of companies are limited to 25% of the total fund, at the time the investment is placed, except for Lloyds Banking Group plc and Royal Bank of Scotland Group plc where the limit is 30%.
 - c. Total investments in any one foreign country are limited to 15% of the total fund, but UK-based institutions to be used as first preference. The only country, other than the UK, approved for investment is Sweden.
 - d. Investments are limited to £6m per bank excluding call accounts and £7m including call accounts except for:-
 - (i) Lloyds Banking Group plc and Royal Bank of Scotland Group plc, where the limits are £10m for each with no distinction between fixed deposits and call accounts; and
 - (ii) Svenska Handelsbanken AB, where the limit is £5m with no distinction between fixed deposits and call accounts.
 - e. If the Council's own banker, Barclays, falls below Capita Asset Services' minimum credit rating requirements, it will nevertheless continue to be used, although balances will be minimised in both monetary size and duration.
 - f. Building Societies with assets in excess of £9bn are included in the lending list with a maximum investment limit of £4m each and a maximum duration of 100 days. If a Building Society meets Capita Asset Services' minimum credit rating requirements, the investment limit is increased to £5m with a maximum investment duration of two years.

- g. Investments in Money Market Funds (MMFs) and Enhanced Money Market Funds (EMMFs) are limited to a combined maximum of £5m per provider.

Investment Strategy

- 67 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).
- 68 Bank Rate is forecast to stay flat at 0.25% until quarter 2 2019 and not to rise above 0.75% by quarter 1 2020. Bank Rate forecasts for financial year ends (March) are:
- 2016/17 0.25%
 - 2017/18 0.25%
 - 2018/19 0.25%
 - 2019/20 0.50%
- 69 The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next eight years are as follows:
- 2016/17 0.25%
 - 2017/18 0.25%
 - 2018/19 0.25%
 - 2019/20 0.50%
 - 2020/21 0.75%
 - 2021/22 1.00%
 - 2022/23 1.50%
 - 2023/24 1.75%
 - Later years 2.75%
- 70 The overall balance of risks to these forecasts is probably slightly skewed to the downside in view of the uncertainty over the final terms of Brexit. If growth expectations disappoint and inflationary pressures are minimal, the start of increases in Bank rate could be pushed back. On the other hand, should the pace of growth quicken and/or forecasts for increases in inflation rise, there could be an upside risk (i.e. Bank Rate increases occur earlier and/or at a quiker pace).
- 71 The Council is asked to approve the following treasury indicator and limit. These limits are set with regard to the Council's liquidity requirements and to reduce the need for an early sale of an investment. They are based on the availability of funds after each year-end.

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Maximum principal sums invested > 364 days	2017/18 £000	2018/19 £000	2019/20 £000
Principal sums invested > 364 days	10,000	10,000	10,000

- 72 For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

Investment risk benchmarking

- 73 The Council will use an investment benchmark to assess the performance of its portfolio. The benchmarks will be 7 day and 3 month LIBID uncompounded.

End of year investment report

- 74 At the end of the financial year, the Council will receive a report on its investment activity as part of the Annual Treasury Report.

Scheme of delegation

- 75 The guidance notes accompanying the revised Code also require that a statement of the Council's scheme of delegation in relation to treasury management is produced as part of the Annual Investment Strategy. This appears at Appendix F.

Role of the Section 151 officer

- 76 As with the scheme of delegation mentioned in the previous paragraph, a statement of the role of the Section 151 officer is also required. This appears at Appendix G.

Key Implications

Financial

- 77 The management of the Council's investment portfolio and cash-flow generated balances plays an important part in the financial planning of the authority. The security of its capital and liquidity of its investments is of paramount importance.

Legal Implications and Risk Assessment Statement

- 78 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management.

- 79 This annual investment strategy report fulfils the requirements of The Chartered Institute of Public Finance & Accountancy's Code of Practice on Treasury Management 2009.
- 80 Treasury management has two main risks :
- Fluctuations in interest rates can result in a reduction in income from investments; and
 - A counterparty to which the Council has lent money fails to repay the loan at the required time.

Consideration of risk is integral in our approach to treasury management.

- 81 The movement in previous years towards having a restricted lending list of better quality institutions but higher individual limits with those institutions has reduced the chances of a default. But if a default did occur, the potential loss would be greater.
- 82 These risks are mitigated by the annual investment strategy which has been prepared on the basis of achieving the optimum return on investments commensurate with proper levels of security and liquidity. However, Members should recognise that in the current economic climate, these remain significant risks and that the strategy needs to be constantly monitored.

Equality Assessment

- 83 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

- 84 The effect of the proposals set out in this report is to allow the Council to effectively and efficiently manage cash balances.
- 85 In line with the revised CIPFA Code of Practice on Treasury Management, the Annual Treasury Strategy must be considered by Council and this is planned for its meeting on 21 February 2017. Given the current uncertainties in the banking sector and financial markets, the Council may need to consider amending its strategy during the year.

Appendices:

Appendix A - Investment portfolio at 31 December 2016

Appendix B - Prospects for interest rates

Appendix C - Economic background report

Appendix D - Specified and non-specified

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investments

Appendix E - Approved countries for investments

Appendix F - Treasury management scheme of delegation

Appendix G - The treasury management role of the S151 officer

Background Papers:

None

**Adrian Rowbotham
Chief Finance Officer**

APPENDIX A: CURRENT PORTFOLIO POSITION

List of Investments as at:- 31-Dec-16

Reference	Name	Rating	Country	Group	Amount	Start Date	Comm Rate	End Date	Curr Rate	Terms
	Santander UK plc (Business Reserve A/C)	A	U.K.	Santander	0	01-Apr-99			0.40000%	Variable
	Santander UK plc (Money Market A/C)	A	U.K.	Santander	0	09-Oct-06			0.40000%	Variable
	Clydesdale Bank plc (30 Day Notice Corporate A/C)	A	U.K.	NAB	0	10-Sep-10			0.40000%	Variable
	Barclays Bank plc (Business Premium A/C)	A	U.K.		2,813,000	01-Oct-11			0.30000%	Variable
	Barclays Bank plc (Flexible IBCA)	A	U.K.		0	01-Jun-14			0.45000%	Variable
	National Westminster Bank plc (Liquidity Select)	BBB+	U.K.	RBS	0	07-Oct-11			0.01000%	Variable
	National Westminster Bank plc (95 Day Notice)	BBB+	U.K.	RBS	0	24-May-13			0.10000%	Variable
	Svenska Handelsbanken AB (Deposit A/C)	AA-	Sweden		1,000,000	23-Jul-14			0.15000%	Variable
	Svenska Handelsbanken AB (35 Day Notice A/C)	AA-	Sweden		2,000,000	01-Sep-16			0.25000%	Variable
	Standard Life Liquidity Fund (Money Market Fund)	AAA	U.K.		5,000,000	11-May-12				Variable
	Insight Liquidity Fund (Money Market Fund)	AAA	U.K.		2,000,000	11-May-12				Variable
	BlackRock Liquidity Fund (Money Market Fund)	AAA	U.K.		5,000,000	13-Oct-16				Variable
IP1323	Barclays Bank plc	A	U.K.		2,000,000	10-Oct-16	0.29000%	10-Jan-17		3 Months
IP1312	Bank of Scotland plc	A+	U.K.	Lloyds/HBOS	1,000,000	09-Aug-16	0.65000%	09-Feb-17		6 Months
IP1314	Bank of Scotland plc	A+	U.K.	Lloyds/HBOS	1,000,000	19-Aug-16	0.65000%	20-Feb-17		6 Months
IP1307	Coventry Building Society	A	U.K.		1,000,000	15-Jul-16	0.42000%	16-Jan-17		6 Months
IP1309	Coventry Building Society	A	U.K.		2,000,000	22-Jul-16	0.42000%	23-Jan-17		6 Months
IP1331	Coventry Building Society	A	U.K.		2,000,000	17-Nov-16	0.37000%	17-May-17		6 Months
IP1304	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	04-Jul-16	0.80000%	04-Jan-17		6 Months
IP1321	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	2,000,000	29-Sep-16	0.65000%	29-Mar-17		6 Months
IP1322	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	05-Oct-16	0.65000%	05-Apr-17		6 Months
IP1327	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	26-Oct-16	0.65000%	26-Apr-17		6 Months
IP1328	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	03-Nov-16	0.65000%	03-May-17		6 Months
IP1329	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	04-Nov-16	0.60000%	04-May-17		6 Months
IP1332	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	28-Nov-16	0.60000%	30-May-17		6 Months
IP1306	Nationwide Building Society	A	U.K.		1,000,000	11-Jul-16	0.53000%	11-Jan-17		6 Months
IP1310	Nationwide Building Society	A	U.K.		1,000,000	08-Aug-16	0.40000%	08-Feb-17		6 Months
IP1326	Nationwide Building Society	A	U.K.		1,000,000	17-Oct-16	0.42000%	18-Apr-17		6 Months
IP1232	Royal Bank of Scotland plc	BBB+	U.K.	RBS	3,000,000	15-Apr-15	1.21000%	18-Apr-17		2 Years
IP1317	Santander UK plc	A	U.K.		2,000,000	08-Sep-16	0.46000%	08-Mar-17		6 Months
IP1320	Santander UK plc	A	U.K.		2,000,000	23-Sep-16	0.46000%	23-Mar-17		6 Months
IP1316	Thurrock Borough Council		U.K.		1,000,000	28-Oct-16	0.30000%	28-Apr-17		6 Months
	Total Invested				<u><u>45,813,000</u></u>					
	Other Loan									
	Sevenoaks Leisure Limited				250,000	29-Apr-08	7.00000%	31-Mar-18		10 Years

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APPENDIX B: Interest Rate Forecasts 2017 – 2020

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

Capita Asset Services Interest Rate View													
	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank Rate View	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
3 Month LIBID	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%
6 Month LIBID	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%
12 Month LIBID	0.70%	0.70%	0.70%	0.70%	0.70%	0.80%	0.80%	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%
5yr PWLB Rate	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB Rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB Rate	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB Rate	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
Bank Rate													
Capita Asset Services	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
Capital Economics	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%
5yr PWLB Rate													
Capita Asset Services	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
Capital Economics	1.60%	1.70%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.70%	2.80%	2.90%	3.00%
10yr PWLB Rate													
Capita Asset Services	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
Capital Economics	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	3.10%	3.20%	3.30%	3.40%
25yr PWLB Rate													
Capita Asset Services	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
Capital Economics	2.95%	3.05%	3.05%	3.15%	3.25%	3.25%	3.35%	3.45%	3.55%	3.65%	3.75%	3.95%	4.05%
50yr PWLB Rate													
Capita Asset Services	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
Capital Economics	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.60%	3.70%	3.80%	3.90%

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- 1 The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017 - 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.
- 2 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year.
- 3 Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.
- 4 The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected that at some point, there would be a start to a switch back from bonds to equities after a historic long term trend over about the last twenty five years of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial quantitative easing purchases of bonds, added further impetus to this downward trend in bond yields and rising prices of bonds. The opposite side of this coin has been a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election, has called into question whether, or when, this trend has, or may, reverse, especially when America is likely to lead the way in reversing monetary policy. Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as strong economic growth becomes more firmly established. The expected substantial rise in the Fed rate over the next few years may make holding US bonds much less attractive and cause their prices to

fall, and therefore bond yields to rise. Rising bond yields in the US would be likely to exert some upward pressure on bond yields in other developed countries but the degree of that upward pressure is likely to be dampened by how strong, or weak, the prospects for economic growth and rising inflation are in each country, and on the degree of progress in the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

- 5 PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future.
- 6 The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.
- 7 Apart from the above uncertainties, **downside risks to current forecasts** for UK gilt yields and PWLB rates currently include:
 - Monetary policy action by the central banks of major economies reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some countries, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.
 - Major national polls:
 - Italian constitutional referendum 4.12.16 resulted in a 'No' vote which led to the resignation of Prime Minister Renzi. This means that Italy needs to appoint a new government.
 - Spain has a minority government with only 137 seats out of 350 after already having had two inconclusive general elections in 2015 and 2016. This is potentially highly unstable.
 - Dutch general election 15.3.17;
 - French presidential election April/May 2017;
 - French National Assembly election June 2017;
 - German Federal election August - October 2017.
 - A resurgence of the Eurozone sovereign debt crisis, with Greece being a particular problem, and stress arising from disagreement between EU countries on free movement of people and how to handle a huge influx of immigrants and terrorist threats
 - Weak capitalisation of some European banks, especially Italian.
 - Geopolitical risks in Europe, the Middle East and Asia, causing a significant increase in safe haven flows.

- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.

8 The potential for **upside risks to current forecasts** for UK gilt yields and PWLB rates, especially for longer term PWLB rates, include: -

- UK inflation rising to significantly higher levels than in the wider EU and in the US, causing an increase in the inflation premium in gilt yields.
- A rise in US Treasury yields as a result of Fed. funds rate increases and rising inflation expectations in the USA, dragging UK gilt yields upwards.
- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- A downward revision to the UK's sovereign credit rating undermining investor confidence in holding sovereign debt (gilts).

Investment and borrowing rates

- 9 Investment returns are likely to remain low during 2017/18 and beyond.
- 10 Borrowing interest rates have been on a generally downward trend during most of 2016 up to mid-August; they fell sharply to historically phenomenally low levels after the referendum and then even further after the MPC meeting of 4th August when a new package of quantitative easing purchasing of gilts was announced. Gilt yields have since risen sharply due to a rise in concerns around a 'hard Brexit', the fall in the value of sterling, and an increase in inflation expectations. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times when authorities will not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt.
- 11 There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost - the difference between borrowing costs and investment returns.

APPENDIX C: Economic Background

UK

- 1 **GDP growth rates** in 2013, 2014 and 2015 of 2.2%, 2.9% and 1.8% were some of the strongest rates among the G7 countries. Growth is expected to have strengthened in 2016 with the first three quarters coming in respectively at +0.4%, +0.7% and +0.5%. The latest Bank of England forecast for growth in 2016 as a whole is +2.2%. The figure for quarter 3 was a pleasant surprise which confounded the downbeat forecast by the Bank of England in August of only +0.1%, (subsequently revised up in September, but only to +0.2%). During most of 2015 and the first half of 2016, the economy had faced headwinds for exporters from the appreciation of sterling against the Euro, and weak growth in the EU, China and emerging markets, and from the dampening effect of the Government's continuing austerity programme.
- 2 The **referendum vote for Brexit** in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted by the Bank of England in its August Inflation Report as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post reasonably strong growth numbers through the second half of 2016 and also in 2017, albeit at a slower pace than in the first half of 2016.
- 3 The **Monetary Policy Committee (MPC) meeting of 4th August** was therefore dominated by countering this expected sharp slowdown and resulted in a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing, with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing being made available for banks to use to lend to businesses and individuals.
- 4 The **MPC meeting of 3 November** left Bank Rate unchanged at 0.25% and other monetary policy measures also remained unchanged. This was in line with market expectations, but a major change from the previous quarterly Inflation Report MPC meeting of 4 August, which had given a strong steer, in its forward guidance, that it was likely to cut Bank Rate again, probably by the end of the year if economic data turned out as forecast by the Bank. The MPC meeting of 15 December also left Bank Rate and other measures unchanged.
- 5 The latest MPC decision included a forward view that **Bank Rate** could go either up or down depending on how economic data evolves in the coming months. Our central view remains that Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in quarter 2 2019 (unchanged from our previous forecast). However, we would not, as yet, discount the risk of a cut in Bank

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Rate if economic growth were to take a significant dip downwards, though we think this is unlikely. We would also point out that forecasting as far ahead as mid 2019 is highly fraught as there are many potential economic headwinds which could blow the UK economy one way or the other as well as political developments in the UK, (especially over the terms of Brexit), EU, US and beyond, which could have a major impact on our forecasts.

- 6 The pace of Bank Rate increases in our forecasts has been slightly increased beyond the three year time horizon to reflect higher inflation expectations.
- 7 The August quarterly Inflation Report was based on a pessimistic forecast of near to zero GDP growth in quarter 3 i.e. a sharp slowdown in growth from +0.7% in quarter 2, in reaction to the shock of the result of the referendum in June. However, **consumers** have very much stayed in a 'business as usual' mode and there has been no sharp downturn in spending; it is consumer expenditure that underpins the services sector which comprises about 75% of UK GDP. After a fairly flat three months leading up to October, retail sales in October surged at the strongest rate since September 2015 and were again strong in November 2016. In addition, the GfK consumer confidence index recovered quite strongly to -3 in October after an initial sharp plunge in July to -12 in reaction to the referendum result. However, in November it fell to -8 indicating a return to pessimism about future prospects among consumers, probably based mainly around concerns about rising inflation eroding purchasing power.
- 8 **Bank of England GDP forecasts** in the November quarterly Inflation Report were as follows, (August forecasts in brackets) - 2016 +2.2%, (+2.0%); 2017 1.4%, (+0.8%); 2018 +1.5%, (+1.8%). There has, therefore, been a sharp increase in the forecast for 2017, a marginal increase in 2016 and a small decline in growth, now being delayed until 2018, as a result of the impact of Brexit.
- 9 **Capital Economics' GDP forecasts** are as follows: 2016 +2.0%; 2017 +1.5%; 2018 +2.5%. They feel that pessimism is still being overdone by the Bank and Brexit will not have as big an effect as initially feared by some commentators.
- 10 **The Chancellor** has said he will do 'whatever is needed' i.e. to **promote growth**; there are two main options he can follow - fiscal policy e.g. cut taxes, increase investment allowances for businesses, and/or increase government expenditure on infrastructure, housing etc. This will mean that the PSBR deficit elimination timetable will need to slip further into the future as promoting growth, (and ultimately boosting tax revenues in the longer term), will be a more urgent priority. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting to boost economic growth and suggested that the Government would need to help growth e.g. by increasing investment expenditure and by using fiscal policy tools. The newly appointed Chancellor, Phillip Hammond, announced, in the aftermath of the referendum result and the formation of a

new Conservative cabinet, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on 23 November. This was duly confirmed in the Statement which also included some increases in infrastructure spending.

- 11 The other key factor in forecasts for Bank Rate is **inflation** where the MPC aims for a target for CPI of 2.0%. The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017; (Capital Economics are forecasting a peak of just under 3.0% in 2018). This increase was largely due to the effect of the sharp fall in the value of sterling since the referendum, although during November, sterling has recovered some of this fall to end up 15% down against the dollar, and 8% down against the euro (as at the MPC meeting date - 15.12.16). This depreciation will feed through into a sharp increase in the cost of imports and materials used in production in the UK. However, the MPC is expected to look through the acceleration in inflation caused by external, (outside of the UK), influences, although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise Bank Rate.
- 12 What is clear is that **consumer disposable income** will come under pressure, as the latest employers' survey is forecasting median pay rises for the year ahead of only 1.1% at a time when inflation will be rising significantly higher than this. The CPI figure has been on an upward trend in 2016 and reached 1.2% in November. However, prices paid by factories for inputs rose to 13.2% though producer output prices were still lagging behind at 2.3% and core inflation was 1.4%, confirming the likely future upwards path.
- 13 **Gilt yields, and consequently PWLB rates**, have risen sharply since hitting a low point in mid-August. There has also been huge volatility during 2016 as a whole. The year started with 10 year gilt yields at 1.88%, fell to a low point of 0.53% on 12 August, and hit a new peak on the way up again of 1.55% on 15 November. The rebound since August reflects the initial combination of the yield-depressing effect of the MPC's new round of quantitative easing on 4 August, together with expectations of a sharp downturn in expectations for growth and inflation as per the pessimistic Bank of England Inflation Report forecast, followed by a sharp rise in growth expectations since August when subsequent business surveys, and GDP growth in quarter 3 at +0.5% q/q, confounded the pessimism. Inflation expectations also rose sharply as a result of the continuing fall in the value of sterling.
- 14 **Employment** had been growing steadily during 2016, but encountered a first fall in over a year, of 6,000, over the three months to October. The latest employment data in December (for November) was distinctly weak with an increase in unemployment benefits claimants of 2,400 in November and of 13,300 in October. **House prices** have been rising during 2016 at a modest pace but the pace of increase has slowed since the referendum; a downturn in prices could dampen consumer confidence and expenditure.

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- 15 The American economy had a patchy 2015 with sharp swings in the quarterly **growth rate** leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 at +0.8%, (on an annualised basis), and quarter 2 at 1.4% left average growth for the first half at a weak 1.1%. However, quarter 3 at 3.2% signalled a rebound to strong growth. The Federal Reserve ('Fed') embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, have caused a delay in the timing of the second increase of 0.25% which came, as expected, in December 2016 to a range of 0.50% to 0.75%. Overall, despite some data setbacks, the US is still, probably, the best positioned of the major world economies to make solid progress towards a combination of strong growth, full employment and rising inflation: this is going to require the central bank to take action to raise rates so as to make progress towards normalisation of monetary policy, albeit at lower central rates than prevailed before the 2008 crisis. The Fed therefore also indicated that it expected three further increases of 0.25% in 2017 to deal with rising inflationary pressures.
- 16 The result of the **presidential election** in November is expected to lead to a strengthening of US growth if Trump's election promise of a major increase in expenditure on infrastructure is implemented. This policy is also likely to strengthen inflation pressures as the economy is already working at near full capacity. In addition, the unemployment rate is at a low point verging on what is normally classified as being full employment. However, the US does have a substantial amount of hidden unemployment in terms of an unusually large, (for a developed economy), percentage of the working population not actively seeking employment.
- 17 Trump's election has had a profound effect on the **bond market and bond yields** rose sharply in the week after his election. Time will tell if this is a reasonable assessment of his election promises to cut taxes at the same time as boosting expenditure. This could lead to a sharp rise in total debt issuance from the current level of around 72% of GDP towards 100% during his term in office. However, although the Republicans now have a monopoly of power for the first time since the 1920s, in having a President and a majority in both Congress and the Senate, there is by no means any certainty that the politicians and advisers he has been appointing to his team, and both houses, will implement the more extreme policies that Trump outlined during his election campaign. Indeed, Trump may even rein back on some of those policies himself.
- 18 In the first week since the US election, there was a major shift in **investor sentiment** away from bonds to equities, especially in the US. However, gilt yields in the UK and bond yields in the EU have also been dragged higher. Some commentators are saying that this rise has been an overreaction to the US election result which could be reversed. Other commentators take the view

that this could well be the start of the long expected eventual unwinding of bond prices propelled upwards to unrealistically high levels, (and conversely bond yields pushed down), by the artificial and temporary power of quantitative easing.

Eurozone (EZ)

- 19 In the Eurozone, the **European Central Bank (ECB)** commenced, in March 2015, its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month. This was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March 2016 meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise significantly from low levels towards the target of 2%. Consequently, at its December meeting it extended its asset purchases programme by continuing purchases at the current monthly pace of €80 billion until the end of March 2017, but then continuing at a pace of €60 billion until the end of December 2017, or beyond, if necessary, and in any case until the Governing Council sees a sustained adjustment in the path of inflation consistent with its inflation aim. It also stated that if, in the meantime, the outlook were to become less favourable or if financial conditions became inconsistent with further progress towards a sustained adjustment of the path of inflation, the Governing Council intended to increase the programme in terms of size and/or duration.
- 20 **EZ GDP growth** in the first three quarters of 2016 has been 0.5%, +0.3% and +0.3%, (+1.7% y/y). Forward indications are that economic growth in the EU is likely to continue at moderate levels. This has added to comments from many forecasters that those central banks in countries around the world which are currently struggling to combat low growth, are running out of ammunition to stimulate growth and to boost inflation. Central banks have also been stressing that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand and economic growth in their economies.
- 21 There are also significant specific political and other risks within the EZ: -
- **Greece** continues to cause major stress in the EU due to its tardiness and reluctance in implementing key reforms required by the EU to make the country more efficient and to make significant progress towards the country being able to pay its way - and before the EU is prepared to agree to release further bail out funds.
 - **Spain** has had two inconclusive general elections in 2015 and 2016, both of which failed to produce a workable government with a majority of the

350 seats. At the eleventh hour on 31 October, before it would have become compulsory to call a third general election, the party with the biggest bloc of seats (137), was given a majority confidence vote to form a government. This is potentially a highly unstable situation, particularly given the need to deal with an EU demand for implementation of a package of austerity cuts which will be highly unpopular.

- The under capitalisation of **Italian banks** poses a major risk. Some **German banks** are also undercapitalised, especially Deutsche Bank, which is under threat of major financial penalties from regulatory authorities that will further weaken its capitalisation. What is clear is that national governments are forbidden by EU rules from providing state aid to bail out those banks that are at risk, while, at the same time, those banks are unable realistically to borrow additional capital in financial markets due to their vulnerable financial state. However, they are also 'too big, and too important to their national economies, to be allowed to fail'.
- **4 December Italian constitutional referendum** on reforming the Senate and reducing its powers; this was also a confidence vote on Prime Minister Renzi who has resigned on losing the referendum. However, there has been remarkably little fall out from this result which probably indicates that the financial markets had already fully priced it in. A rejection of these proposals is likely to inhibit significant progress in the near future to fundamental political and economic reform which is urgently needed to deal with Italy's core problems, especially low growth and a very high debt to GDP ratio of 135%. These reforms were also intended to give Italy more stable government as no western European country has had such a multiplicity of governments since the Second World War as Italy, due to the equal split of power between the two chambers of the Parliament which are both voted in by the Italian electorate but by using different voting systems. It is currently unclear what the political, and other, repercussions are from this result.
- **Dutch general election 15.3.17**; a far right party is currently polling neck and neck with the incumbent ruling party. In addition, anti-big business and anti-EU activists have already collected two thirds of the 300,000 signatures required to force a referendum to be taken on approving the EU - Canada free trade pact. This could delay the pact until a referendum in 2018 which would require unanimous approval by all EU governments before it can be finalised. In April 2016, Dutch voters rejected by 61.1% an EU - Ukraine cooperation pact under the same referendum law. Dutch activists are concerned by the lack of democracy in the institutions of the EU.
- **French presidential election**; first round 13 April; second round 7 May 2017.
- **French National Assembly election June 2017.**
- **German Federal election August - 22 October 2017.** This could be affected by significant shifts in voter intentions as a result of terrorist

attacks, dealing with a huge influx of immigrants and a rise in anti EU sentiment.

- The core EU, (note, not just the Eurozone currency area), principle of **free movement of people** within the EU is a growing issue leading to major stress and tension between EU states, especially with the Visegrad bloc of former communist states.
- 22 Given the number and type of challenges the EU faces in the next eighteen months, there is an identifiable risk for the EU project to be called into fundamental question. The risk of an electoral revolt against the EU establishment has gained traction after the shock results of the UK referendum and the US Presidential election. But it remains to be seen whether any shift in sentiment will gain sufficient traction to produce any further shocks within the EU.

Asia

- 23 Economic growth in **China** has been slowing down and this, in turn, has been denting economic growth in emerging market countries dependent on exporting raw materials to China. Medium term risks have been increasing in China e.g. a dangerous build up in the level of credit compared to the size of GDP, plus there is a need to address a major over supply of housing and surplus industrial capacity, which both need to be eliminated. This needs to be combined with a rebalancing of the economy from investment expenditure to consumer spending. However, the central bank has a track record of supporting growth through various monetary policy measures, though these further stimulate the growth of credit risks and so increase the existing major imbalances within the economy.
- 24 Economic growth in **Japan** is still patchy, at best, and skirting with deflation, despite successive rounds of huge monetary stimulus and massive fiscal action to promote consumer spending. The government is also making little progress on fundamental reforms of the economy.

Emerging countries

- 25 There have been major concerns around the vulnerability of some emerging countries exposed to the downturn in demand for commodities from China or to competition from the increase in supply of American shale oil and gas reaching world markets. The ending of sanctions on Iran has also brought a further significant increase in oil supplies into the world markets. While these concerns have subsided during 2016, if interest rates in the USA do rise substantially over the next few years, (and this could also be accompanied by a rise in the value

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of the dollar in exchange markets), this could cause significant problems for those emerging countries with large amounts of debt denominated in dollars. The Bank of International Settlements has recently released a report that \$340bn of emerging market corporate debt will fall due for repayment in the final two months of 2016 and in 2017 - a 40% increase on the figure for the last three years.

- 26 Financial markets could also be vulnerable to risks from those emerging countries with major sovereign wealth funds, that are highly exposed to the falls in commodity prices from the levels prevailing before 2015, especially oil, and which, therefore, may have to liquidate substantial amounts of investments in order to cover national budget deficits over the next few years if the price of oil does not return to pre-2015 levels.

Brexit timetable and process

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
- March 2019: two-year negotiation period on the terms of exit. This period can be extended with the agreement of all members i.e. not that likely.
- UK continues as an EU member during this two-year period with access to the single market and tariff free trade between the EU and UK.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK may also exit without any such agreements.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On exit from the EU: the UK parliament would repeal the 1972 European Communities Act.
- The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.

APPENDIX D - SPECIFIED AND NON-SPECIFIED INVESTMENTS

SPECIFIED INVESTMENTS

All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable.

NON-SPECIFIED INVESTMENTS

These are any investments which do not meet the specified investment criteria. A maximum of 50% will be held in aggregate in non-specified investments.

A variety of investment instruments will be used, subject to the credit quality of the institution. Depending on the type of investment made it will fall into one of the above two categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

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	Minimum Credit Criteria (i.e. Colour Band)	Max % of total investments / £ limit per institution	Max. maturity period	Specified (S) / Non-Specified (N)
Debt Management Agency Deposit Facility (DMADF) - UK Government	N/A	100%	6 Months	S
UK Government gilts	UK sovereign rating AA- or better	100%	1 Year	S
UK Government treasury bills	UK sovereign rating AA- or better	100%	6 Months	S
Bonds issued by multilateral development banks	UK sovereign rating AA- or better	100%	6 Months	S
Money market funds	AAA	25% / £5m	Liquid	S
Enhanced money market funds	AAA	25% / £5m	Liquid	S
Local authorities (up to one year)	N/A	25% / £5m	1 Year	S
Local authorities (over one year)	N/A	25% / £5m	2 Years	N
Term deposits with Lloyds Bank Group / RBS Group (up to one year)	Blue	30% / £10m	1 Year	S
Term deposits with Lloyds Bank Group / RBS Group (over one year)	Blue	30% / £10m	2 Years	N
Term deposits with other banks (up to one year)	Green	25% / £6m	1 Year	S
Term deposits with other banks (over one year)	Green	25% / £6m	2 Years	N
Term deposits with building societies	No colour	25% / £4m	100 Days	N
CDs or corporate bonds with banks or building societies	Green	25% / £5m	1 Year	S
Gilt funds	UK sovereign rating AA- or better	25% / £5m	1 Year	S
Property funds	N/A	25% / £2m	Semi-liquid	N

The criteria in this appendix are intended to be the operational criteria in normal times. At times of heightened volatility, risk and concern in the financial markets, this strategy may be amended by temporary operational criteria

further limiting investments to counterparties of a higher creditworthiness and/or restricted time limits.

APPENDIX E - Approved countries for investments

This list is based on those countries which have sovereign ratings of AA- or higher and also have banks operating in the sterling markets which have colour codes of green or above in the Capita Asset Services credit worthiness service.

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- Hong Kong
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Qatar
- U.K.

AA-

- Belgium

APPENDIX F - Treasury management scheme of delegation

Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

Cabinet

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

Finance Advisory Committee

- reviewing the treasury management policy and procedures and making recommendations to Cabinet.

APPENDIX G - The treasury management role of the section 151 officer

The S151 (responsible) officer is responsible for:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

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Item 6 (c) - Budget and Council Tax Setting 2017/18

The attached report was considered by the Cabinet on 9 February 2017 and the relevant minute extract was not available prior to printing of these papers.

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BUDGET AND COUNCIL TAX SETTING 2017/18

Council - 21 February 2017

Report of Chief Finance Officer
 Status: For Decision
 Also considered by: Cabinet - 9 February 2017
 Key Decision: No

Executive Summary: The Council has an excellent track record in identifying, planning for and addressing financial challenges. In light of the challenging financial position facing all authorities six years ago, for 2011/12 the Council produced a 10-year budget together with a savings plan for the first time. This will be the seventh year this method has been used and provides the Council with a stable basis for future years.

This report sets out the proposed budget and required level of Council Tax for 2017/18.

The report proposes a net expenditure budget of £14.470m in 2017/18 (£13.689m in 2016/17). Subject to any further changes this would result in a Council Tax increase of 2.5% in 2017/18, with the District’s Council Tax being £202.77 for a Band D property for the year (£197.82 in 2016/17).

The report also contains details of the precepts received from other authorities; the Collection Fund position and an opinion on the robustness of the budget and the adequacy of the reserves.

Portfolio Holder Cllr. John Scholey
Contact Officers Adrian Rowbotham Ext. 7153
 Helen Martin Ext. 7483

Recommendation to Cabinet:

That recommendations (a) to (d) set out below be recommended to Council.

Recommendation to Council:

- (a) The Summary of Council Expenditure and Council Tax for 2017/18 set out in Appendix E be approved.
- (b) Approve the 10-year budget 2017/18 to 2026/27 which is the guiding

framework for the detailed approval of future years' budgets set out in Appendix B to the report, including the growth and savings proposals set out in Appendix C-D to the report, and that where possible any variations during and between years be met from the Budget Stabilisation Reserve: and

- (c) Approve the Capital Programme 2017/20 and funding method set out in Appendix H.
- (d) Approve the changes to reserves and provisions set out in Appendix I.
- (e) Due to their length and complexity, the further recommendations have been produced as a separate document (Appendix M).

Introduction and Background

- 1 The Council's financial strategy over the past twelve years has worked towards increasing financial sustainability and it has been successful through the use of a number of strategies including:
 - implementing efficiency initiatives;
 - significantly reducing the back office function;
 - improving value for money;
 - maximising external income;
 - the movement of resources away from low priority services; and
 - an emphasis on statutory rather than non-statutory services.
- 2 Over this period the Council has focused on delivering high quality services based on Members' priorities and consultation with residents and stakeholders. In financial terms, the adoption of this strategy has to date allowed the Council to move away from its reliance on general fund reserves.
- 3 In setting its budget for 2011/12 onwards, the Council recognised the need to address both the short-term reduction in Government funding as well as the longer-term need to reduce its reliance on reserves. The outcome was a 10-year budget, together with a four-year savings plan, that ensured the Council's finances were placed on a stable footing but that also allowed for flexibility between budget years.
- 4 With the amount of Revenue Support Grant provided by Government continuing to reduce at a significant rate it is important that the council remains financially self-sufficient by having a balanced economy and a financial strategy that is focused on local solutions. These solutions include:
 - continuing to deliver financial savings and service efficiencies;
 - growing the council tax base; and
 - generating more income.

- 5 At the Cabinet meeting on 15 September 2016, Members considered a report setting out the Council's financial prospects for 2017/18 and beyond. That report set out the major financial pressures the Council is likely to face, together with a proposed strategy for setting a balanced and sustainable budget for 2017/18 and beyond.
- 6 As part of the budget process officers put forward their Service Dashboards to the Advisory Committees between September and November, which set out a summary of current and future challenges and risks. The Advisory Committees recommended new growth and savings items which were considered at the Cabinet meeting on 1 December 2016.
- 7 The report to Cabinet on 1 December 2016 also contained updates to the Financial Prospects report. An update report was presented to Cabinet on 23 January 2017 following the announcement of the Provisional Local Government Finance Settlement.
- 8 The adoption of the 10-year budget over the last six years has resulted in a much more stable budget position than had previously been achieved.
- 9 This report includes a number of attachments:
 - Appendix A - Budget timetable
 - Appendix B - 10-year budget;
 - Appendix C - Summary of the Council's agreed savings and growth items;
 - Appendix D - Summary of new growth and savings items proposed during the current budget process;
 - Appendix E - Summary of Council Expenditure and Council Tax;
 - Appendix F - Summary of service analysis in budget book format;
 - Appendix G - Analysis of pay costs;
 - Appendix H - Capital Programme 2017-20
 - Appendix I - Reserves
 - Appendix J - Risk analysis;
 - Appendix K - Latest information on precepting authorities (only in Council report)
 - Appendix L - Town and Parish Council precepts and council tax rates (only in Council report)

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- Appendix M - Council tax setting recommendations (only in Council report)
- Appendix N - Council tax rates across the district (only in Council report)

Financial Self-Sufficiency

- 10 The Council's Corporate Plan, introduced in 2013, set out an ambition for the Council to become financially self-sufficient which was achieved in 2016/17. This means that the Council no longer requires direct funding from Government, through Revenue Support Grant or New Homes Bonus, to deliver its services.
- 11 The decision to become financially self-sufficient is intended to give the Council greater control over its services, reducing the potential for decision making to be influenced by the level of funding provided by government to local authorities.
- 12 This approach was adopted in response to the financial challenges the Country is faced with in bringing its public spending down to ensure it is able to live within its means. In practice this has seen Government funding to local authorities dramatically reduced since 2010/11 with Sevenoaks District Council receiving no Revenue Support Grant from 2017/18.
- 13 The attached 10-year budget assumes no Revenue Support Grant or New Homes Bonus but does incorporate income from the Property Investment Strategy including the development of Sennocke and Bradbourne car parks.
- 14 It is intended that any funding received from New Homes Bonus will be put into the Financial Plan Reserve which can be used to support the 10-year budget by funding 'invest to save' initiatives and to support the Property Investment Strategy. One of the aims of the Property Investment Strategy is to achieve returns of 6%; therefore using funding for this purpose will result in additional year on year income that is not impacted by Government decisions.
- 15 Cabinet are keen to remain financially self-sufficient and be ahead of the game. This will allow this Council to move ahead in the knowledge that this Council has the financial resources to provide the services that the district's residents want into the future.

Provisional Local Government Finance Settlement

- 16 ***The Provisional Local Government Finance Settlement*** for 2017/18 was announced on 15 December 2016. This included confirmation that this council was one of the 97% of councils that applied for the multi-year settlement that was offered last year. The grants included in this offer are:
 - Revenue Support Grant - nil in 2017/18 to 2019/20.
 - Transitional Grant - £123,000 in 2017/18, nil in 2018/19 to 2019/20.

- Rural Services Delivery Grant - nil in 2017/18 to 2019/20.

- 17 The Government has announced that the basis of **New Homes Bonus (NHB)** has been changed. Previously it was based on cumulative figures for 6 years but this is being reduced to 5 years from 2017/18 and 4 years from 2018/19. Also in future NHB will only be received on tax base growth above 0.4% instead of on all growth.

New Homes Bonus (estimated amounts)

2017/18	£1.756m
2018/19	£1.339m
2019/20	£1.284m

- 18 A reduction was previously assumed from 2018/19 but the latest announcement results in the reduction starting a year earlier. NHB is not used to fund the revenue budget but does support the Property Investment Strategy (PIS) therefore other funding sources may be required to fund future PIS schemes. The review of reserves section of this report addresses this issue.

- 19 **Locally Retained Business Rates** - The basis for allocating Government Support from 2013/14 changed to the Business Rates Retention Scheme. This scheme initially allows billing authorities, such as this council, to keep 40% of Business Rates received. However tariffs and top-ups are applied to ensure that the funding received by each local authority is not significantly different to pre 2013/14 amounts.

- 20 The Department for Communities and Local Government (DCLG) has undertaken a consultation called 'Self-sufficient local government: 100% Business Rates Retention'. The Government intends to introduce 100% Business Rates Retention to local government by the end of the current Parliament. It is expected that, at the same time, the Government will update the relative needs formulae (i.e. that determine the amount of resources that an authority will have if it collects at its Business Rates target) but this has not yet been announced.

- 21 The Tariff Adjustment (negative Revenue Support Grant) which first appeared last year is still currently included in the settlement details for 2019/20 but this will be re-looked by Government at as part of the wider Business Rates Retention changes.

- 22 Revised 'safety-net' amounts were included in the settlement which have been included in the attached 10-year budget. These are slightly higher than the amounts announced last year.

Business Rates Safety-Net

2017/18	£1.990m
2018/19	£2.055m
2019/20	£2.128m

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- 23 It is expected that the Government will issue a Final Local Government Finance Settlement for 2017/87 in early February 2017 and any changes that impact Sevenoaks District Council will be reported at the Council meeting.

Council Tax Support Funding for Town and Parish Councils

- 24 The Government introduced a change from Council Tax Benefit (CTB) to Council Tax Support (CTS) from 1 April 2013. CTB was fully reimbursed by Government but CTS is a Council Tax Discount (similar to the Single Person Discount) and local authorities now only receive the amount of Council Tax they collect.
- 25 To partly offset this, the Government gave a grant to Major Precepting Authorities (i.e. Sevenoaks District Council, Kent County Council, Fire and Police) in 2013/14 amounting to 90% of the CTB they had received in 2012/13. Town and Parish Councils were initially excluded from this but the Government later changed their mind and allocated an additional identifiable grant to billing authorities to pass on to Town and Parish Councils.
- 26 When allocating this additional grant for 2013/14, the Government pointed out that this may not continue in future years. Officers advised Town and Parish Councils that in view of the information published by Government it could not be certain that this additional funding would be paid in future years. This resulted in many Town and Parish Councils increasing their Council Tax Precept (as Town and Parish Councils do not have a referendum limit like Major Precepting Authorities) to offset the future likely loss of this funding stream.
- 27 When the Government announce the funding settlement each year they can show funding in the following three ways:
- a. Ring-fence an amount so that it has to be spent on a specific purpose or it has to be returned.
 - b. Highlight an amount for a specific purpose using a separate formula; this does not have to be spent on the specific purpose.
 - c. Revenue Support Grant - a formula based grant that can be used for any legal purpose.
- 28 In 2013/14 the additional funding for Town and Parish Councils was shown as a (b), in 2014/15, 2015/16 and 2016/17 it was within (c) and no specific amount for this purpose was shown.
- 29 As the additional funding for Town and Parish Councils was clearly identified in 2013/14, Sevenoaks District Council was early to commit to pay the full amount.
- 30 A report was presented to Council on 13 May 2014 requesting that members approve one of three options for 2014/15. Members decided not to pass on any funding to Town and Parish Councils for Council Tax Support in 2014/15. Members made the same decision for 2015/16 and 2016/17.

- 31 The Provisional Local Government Finance Settlement once again did not include a separate amount for major preceptors or Town and Parish Councils. As this council does not now receive any Revenue Support Grant there is no longer a decision required therefore no funding will be passed on.

Collection Fund Surplus/Deficit Calculation

- 32 Rules governing the operation of the collection fund require the Council to make an estimate on 15 January (or the next working day) each year of the fund's likely surplus or deficit at the end of the current financial year, in respect of council tax transactions. The amount so estimated is to be shared between the District Council, County Council, Fire and Police in proportion to their precepts on the collection fund. Each authority's share is to be taken into account by the authority in calculating its council tax for the year following the year in which the surplus or deficit has been estimated.
- 32 The estimated surplus at 15 January 2016 was £1,967,800 whilst the actual surplus balance at 31 March 2016 was £1,972,100. The balance is relatively small in the context of the gross council tax collectible during 2015/16 of nearly £77m. It came about following a review of the bad debt provision once the council tax support scheme (which replaced council tax benefit) had been operating for two years.
- 33 The calculation at 16 January 2017 estimates a likely surplus or deficit balance on the collection fund at 31 March 2017. This is based on the tax bills issued for the year, current collection performance and the level of bad debt provision held.
- 34 The overall estimated balance at 31 March 2017 is zero, meaning that there is no apportionment required between District, County Fire and Police.

Current Budget Position

- 35 There are no changes to the budget position since the report to Cabinet on 23 January 2017.
- 36 The total impact of the new growth and savings items, together with the increased Council Tax assumption, Council Tax Base changes and small increase to the Business Rates Safety Net amount result in a net saving of £100,000 per annum as assumed in the 10-year budget.
- 37 When the 10-year budget was agreed by Council in February 2016, an annual savings/additional income assumption of £100,000 was included. This assumption remains in all years of the 10-year budget.
- 38 The 10-year budget (Appendix B) shows a fully funded 10-year position. By continuing to use the 10-year budget strategy, this council remains in a strong position going forward.

2017/18 Budget and Council Tax

- 39 After allowing for the growth and savings agreed and the key changes made during this budget process, the resulting net expenditure for 2017/18 is £14.470m. As shown in Appendix E this results in Council Tax income of £10.013m, meaning that the District element of the Band D charge will be £202.77.
- 40 When the other preceptors announce their increases, details will be included in Appendix K.

Capital Programme

- 41 A report setting out the proposed 2017/20 Capital Programme, with supporting documentation in a standard format for individual scheme bids was presented to the Finance Advisory Committee on 31 January 2017 and Cabinet on 9 February 2017.
- 42 Scheme bid documents were received for all new schemes which included the proposed funding methods.
- 43 Unspent budgets in the current year's programme (2016/17) can be carried forward to 2017/18, subject to Cabinet approval, when the outturn is known.
- 44 Appendix H summarises the position if all schemes are approved, and indicates the funding method proposed.
- 45 Council will be informed at the meeting of any changes recommended by Cabinet.

Integration with other budget reports on the Cabinet Agenda

- 46 A separate report on the Treasury Management Strategy is being presented to Cabinet and Council. The attached revenue budgets take into account the recommendations and revenue implications set out in this report as well as the Capital Programme.

Opinion under the Local Government Act 2003 (LGA 2003)

- 47 Under the LGA 2003 the Statutory Finance Officer (Chief Finance Officer) is required to give Members an opinion on the robustness of the budget estimates and the adequacy of reserves.
- 48 In terms of the robustness of the budget, the following sources of assurance were taken into account:
- The Strategic Business and Financial Planning process used for the 2017/18 budget.

- The Financial Strategy, including a 10-year Budget, clear financial objectives, sensitivity analysis and the savings package.
- Growth and savings suggestions proposed.
- The strong financial control structure and effective performance management within the Council, confirmed by feedback from external auditors.
- Clear budget responsibilities at individual officer level.
- Effective monitoring regime giving early notification of potential financial issues through the use of the Finance Advisory Committee.
- Effective Internal/External audit system, with risk-based audits, reporting through the Audit Committee.
- Set aside of earmarked funds for potential liabilities in the medium term.
- Effective strategic and operational risk management.

49 As is the case every year, inevitably there are a number of risk factors within the 2017/18 budget proposals; these are set out in some detail in Appendix J. This Appendix was also considered by the Finance Advisory Committee on 31 January 2017. Some of the more significant items are set out below.

a) Pay costs

Pay costs are budgeted on 100% basis, with a 1% inflationary pay award assumption included and with a separate vacancy saving target. With controls over the appointment of any staff and monitoring of staff numbers as well as costs, pay costs are subject to a high level of control.

b) Income

In-depth monitoring of income budgets will continue throughout the year and will be given regular consideration by the Finance Advisory Committee.

c) Pensions funding

The next actuarial valuation will take effect from 2020/21 and an increase assumption has been included in the 10-year budget from then.

d) Investment receipts

Interest receipts have remained low in 2016/17 and are not expected to increase in the near future. The Treasury Management Strategy

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will be kept under review and brought back to Members for consideration as necessary during the year. The proposed Strategy for 2017/18 is reported separately on this Agenda.

e) Capital investment

Property Investment Strategy income is included in the 10-year budget. Members are assured that any property acquisitions will be supported by a thorough business case and approved by the relevant Portfolio Holders.

f) Growth

The 10-year budget has no allowance for growth as it is anticipated that where possible this will be met through additional savings or the Budget Stabilisation Reserve.

- 50 Members will recognise that budget risk cannot be avoided completely. However, the structures already in place and the actions being put in place should ensure that next year's overall revenue spend figure is achieved, particularly through the Council's flexible approach to budgeting allowing the risk areas to be compensated by those that are underspent or over achieve on income.

Adequacy of Reserves

- 51 Ensuring the adequacy and sustainability of the Council's reserves continues to be a key part of the budget process. Individual balances have been reviewed as part of writing this report and the detailed work is set out in Appendix I. This review should ensure that all provisions and earmarked reserves are adequate for their purposes.
- 52 It is recommended that the Council hold a minimum General Fund reserve balance of 10% of its net Revenue Budget, for emergencies.
- 53 The strong formal advice of the Section 151 officer to the Council is that every effort must be made to achieve the agreed savings plan in order to ensure financial sustainability and preserve the level of reserves for future commitments. The Council should avoid, at all costs, the General Fund Reserve balance reducing below 10% of its Net Service Expenditure (for 2017/18 this equates to £1.45m).

Referendums relating to council tax increases

- 54 Section 72 of the Localism Act 2011 inserted Section 52ZB into the Local Government Finance Act 1992. This sets out the duty on local authorities, fire authorities and Police and Crime Commissioners (PCCs) to each determine whether the amount of council tax they plan to raise for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum apply.

- 55 The Secretary of State has published draft thresholds in relation to 2017/18 council tax levels. The Government proposes to set an average annual threshold of 4% over three years for local authorities with social care responsibilities. District councils will be allowed a Band D council tax increase of the higher of 2% or £5. This council is therefore able to increase Band D council tax by up to £5 without requiring a referendum. As in previous years, no equivalent principles are being proposed for Town and Parish Councils although the Government has said that they will keep this under review and take action if necessary.

Key Implications

Financial

All financial implications are covered elsewhere in this report.

Legal Implications and Risk Assessment Statement.

There are no legal implications.

For the effective management of our resources and in order to achieve a sustainable budget it is essential that all service cost changes and risks are identified and considered. The budget risk analysis is included as Appendix J.

Current and future pressures were included in the Service Dashboards presented to the Advisory Committees and each Service Change Impact Assessment (SCIA) included the likely impacts including a risk analysis.

An effective integrated policy and priority driven long-term financial and business process is required for the Council to deliver on its priorities and maintain a sustainable budget. It is also essential that continuous improvements are identified and implemented in order to take account of the changing climate within which the Council operates and to meet the expectations of both Government and the public on the quality of service demanded from this Council.

The risks associated with the 10-year budget approach include uncertainty around the future Business Rates Retention scheme. The risk will be mitigated by continuing to review assumptions and estimates and by updating Members throughout the process.

The Council has in place a number of specific reserves and provisions to address identified risks.

Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.

Agenda Item 6c

Individual equalities assessments have been completed for all Service Change Impact Assessments (SCIAs) to ensure the decision making process is fair and transparent. These were included in the Budget Update 2017/18 reports to Cabinet on 1 December 2016 and 23 January 2017.

Community Impact and Outcomes

In making any budget proposals, Members need to consider the impact on customers, service quality and staff well-being, to ensure that the budget supports the Council's aspirations for customer-focused services.

Conclusions

The budget process has once again been a major financial challenge for a council that already provides value for money services to a high standard. The 10-year budget shows a fully funded position over the whole period which keeps this council in a strong position going forward.

The future financial prospects for the public sector are increasingly difficult, however, this budget ensures the Council remains in a financially sustainable position.

If the council tax resolution attached in Appendix M is approved, the Sevenoaks District Council element of the band D council tax will be £202.77.

Appendices

Appendix A - Budget timetable

Appendix B - 10-year budget

Appendix C - Summary of the Council's agreed savings and growth items

Appendix D - Summary of new growth and savings items proposed during the current budget process

Appendix E - Summary of Council Expenditure and Council Tax

Appendix F - Summary of service analysis in budget book format

Appendix G - Analysis of pay costs

Appendix H - Capital Programme 2017-20 (also being considered by Finance Advisory Committee on 31 January 2017)

Appendix I - Reserves

Appendix J - Risk analysis (also being considered by Finance Advisory Committee on 31 January 2017)

Appendix K - Latest information on precepting authorities (only in Council report)

Appendix L - Town and Parish Council precepts and council tax rates (only in Council report)

Appendix M - Council tax setting recommendations (only in Council report)

Appendix N - Council tax rates across the district (only in Council report)

Background Papers:

Report to Cabinet 16 February 2016 - Budget and Council Tax Setting 2016/17

Report to Cabinet 15 September 2016 - Financial Prospects and Budget Strategy 2017/18 and Beyond

Report to Planning Advisory Committee 22 September 2016, Housing and Health Advisory Committee 4 October 2016, Policy and Performance Advisory Committee 6 October 2016, Economic and Community Development Advisory Committee 11 October 2016, Legal and Democratic Services Advisory Committee 18 October 2016, Direct and Trading Advisory Committee 1 November 2016, Finance Advisory Committee 15 November 2016 - Budget 2017/18: Service Dashboards and Service Change Impact Assessments (SCIAs)

Report to Cabinet 1 December 2016 - Budget Update 2017/18

Report to Cabinet on 23 January 2017 - Budget Update 2017/18

**Adrian Rowbotham
Chief Finance Officer**

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2017/18 Budget Setting Timetable

	Date	Committee
Stage 1		
Financial Prospects and Budget Strategy 2017/18 and Beyond	6 September	Finance AC
	15 September	Cabinet
↓		
Stage 2		
Review of Service Dashboards and Service Change Impact Assessments (SCIAs)	22 September	Planning AC
	4 October	Housing & Health AC
	6 October	Policy & Performance AC
	11 October	Economic & Comm. Dev. AC
	18 October	Legal & Dem. Svs AC
	1 November	Direct & Trading AC
	15 November	Finance AC
↓		
Stage 3		
Budget Update (incl. Service Change Impact Assessments (SCIAs), feedback from Advisory Committees)	1 December	Cabinet
↓		
Stage 4		
Budget Update (incl. Government Settlement information)	12 January (postponed) 23 January	Cabinet
↓		
Stage 5		
<i>Budget Update and further review of Service Change Impact Assessments (if required)</i>	<i>January - February</i>	<i>Advisory Committees</i>
↓		
Stage 6		
Budget Setting Meeting (Recommendations to Council)	9 February	Cabinet
↓		
Stage 7		
Budget Setting Meeting (incl. Council Tax setting)	21 February	Council

Note: The Scrutiny Committee may 'call in' items concerning the budget setting process.

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Ten Year Budget - Revenue

	Budget 2016/17	Plan 2017/18	Plan 2018/19	Plan 2019/20	Plan 2020/21	Plan 2021/22	Plan 2022/23	Plan 2023/24	Plan 2024/25	Plan 2025/26	Plan 2026/27
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure											
Net Service Expenditure c/f	14,253	13,689	14,470	14,556	14,705	15,200	15,558	15,908	16,265	16,627	16,994
Inflation	569	494	611	435	627	443	450	457	462	467	471
Superannuation Fund deficit and staff recruitment & retention	(721)	300	0	0	200	0	0	0	0	0	0
Net savings (approved in previous years)	(412)	(134)	(271)	(186)	(187)	15	0	0	0	0	0
New growth	0	331	0	0	(45)	0	0	0	0	0	0
New savings/Income	0	(210)	(254)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Net Service Expenditure b/f	13,689	14,470	14,556	14,705	15,200	15,558	15,908	16,265	16,627	16,994	17,365
Financing Sources											
Government Support											
: Revenue Support Grant	0	0	0	0	0	0	0	0	0	0	0
New Homes Bonus	0	0	0	0	0	0	0	0	0	0	0
Council Tax	(9,672)	(10,013)	(10,333)	(10,661)	(10,998)	(11,345)	(11,701)	(12,066)	(12,442)	(12,828)	(13,224)
Locally Retained Business Rates	(1,951)	(1,990)	(2,055)	(2,128)	(2,171)	(2,214)	(2,258)	(2,303)	(2,349)	(2,396)	(2,444)
Collection Fund Surplus	(333)	0	0	0	0	0	0	0	0	0	0
Interest Receipts	(250)	(130)	(130)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Property Investment Strategy Income	(500)	(500)	(735)	(1,185)	(1,185)	(1,185)	(1,185)	(1,285)	(1,329)	(1,329)	(1,529)
Contributions to/(from) Reserves	100	(353)	(353)	(353)	(353)	(353)	(179)	(179)	(635)	148	148
Total Financing	(12,606)	(12,986)	(13,606)	(14,577)	(14,957)	(15,347)	(15,573)	(16,083)	(17,005)	(16,655)	(17,299)
Budget Gap (surplus)/deficit	1,083	1,484	950	128	243	211	335	182	(378)	339	66
Contribution to/(from) Stabilisation Reserve	(1,083)	(1,484)	(950)	(128)	(243)	(211)	(335)	(182)	378	(339)	(66)
Unfunded Budget Gap (surplus)/deficit	0	0	0	0	0	0	0	0	0	0	0

Assumptions	
Revenue Support Grant:	nil all years
Locally Retained Business Rates:	2% all years
Council Tax:	2.5% in 17/18, 2% in later years
Interest Receipts:	£130,000 in 17/18 - 18/19, £250,000 in later years
Property Inv. Strategy:	£500,000 from 16/17, £735,000 from 18/19, £835,000 from 23/24, £1.035m from 26/27 onwards. Sennocke Hotel income included from 2019/20.
Pay award:	1% in 16/17 - 19/20, 2% in later years
Other costs:	2.25% in all years
Income:	2.5% in all years

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Summary of the Council's Agreed Savings and Growth Items

Appendix C

SCIA		Description	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Later Years £000	Total £000
Year	No.										
Direct and Trading Advisory Committee											
2016/17	8	Playgrounds: Reduction in asset maintenance (reversal of temporary saving item)								7	
2016/17	9	Public Conveniences: Reduction in asset maintenance (reversal of temporary saving item)								8	
Economic and Community Development Advisory Committee											
2014/15	2	Economic Development & Property Team - SCIA originally called 'Broadband and business growth' (reversal of temporary growth item)								(30)	
Finance Advisory Committee											
2011/12	62,63	Staff terms and conditions - savings agreed by Council 18/10/11							(162)	(674)	
2015/16	10	External Audit fee reduction (reversal of temporary saving item)								30	
Housing and Health Advisory Committee											
No savings or growth agreed from 2017/18 onwards											
Legal and Democratic Services Advisory Committee											
No savings or growth agreed from 2017/18 onwards											
Planning Advisory Committee											
No savings or growth agreed from 2017/18 onwards											
Policy and Performance Advisory Committee											
2016/17	1	Ec. Dev. & Property: Staffing levels made permanent							28	30	
Total Savings			(2,984)	(841)	(314)	(479)	(533)	(721)	(162)	(599)	(6,633)
Total Growth			371	45	50	327	177	309	28	(30)	1,277
Net Savings			(2,613)	(796)	(264)	(152)	(356)	(412)	(134)	(629)	(5,356)

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Growth and Savings Proposals

SCIA Year	Advisory Committee No.	Description	Year	Ongoing	2017/18 Impact £000	10-year Budget Impact £000	
Growth							
2017/18	1	PAC	Building Control: Reduction in budgeted income	2017/18	yes	39	390
2017/18	6	HHAC	HERO service	2017/18	yes	35	350
2017/18	8	PPAC	Increase in website support costs	2017/18	yes	39	390
2017/18	9	PPAC	Increase in IT resource	2017/18	yes	50	500
2017/18	10	PPAC	Apprenticeship levy	2017/18	3 years	45	135
2017/18	15	ECDAC	Sevenoaks DC Business Prospectus	2017/18	yes	5	50
2017/18	16	LDSAC	Increase in contribution to District Elections	2017/18	yes	22	220
2017/18	17	LDSAC	Resourcing of Electoral Services	2017/18	yes	60	600
2017/18	22	FAC	Procurement: electronic software	2017/18	yes	6	60
2017/18	28	DTSAC	Car Parks: Business Rates	2017/18	yes	30	300
Sub Total						331	2,995
Savings							
2017/18	4	PAC	Development Management: Revise pre-application charges	2017/18	yes	(25)	(250)
2017/18	5	PAC	Development Management: Training	2017/18	yes	(4)	(40)
2017/18	7	HHAC	Sencio management fee	2017/18	yes	(44)	(440)
2017/18	11	PPAC	Swanley contract	2018/19	yes	0	(225)
2017/18	12	PPAC	Customer Service resource	2018/19	yes	0	(225)
2017/18	13	PPAC	Review of training budgets	2017/18	yes	(15)	(150)
2017/18	14	PPAC	Consultancy	2017/18	yes	(18)	(180)
2017/18	18	LDSAC	Licensing - fourth partner joining partnership	2017/18	yes	(15)	(150)
2017/18	19	DTSAC	Asset Maintenance - Car Parks	2017/18	yes	(19)	(190)
2017/18	20	DTSAC	Direct Services: increase in net surplus	2017/18	yes	(30)	(300)
2017/18	21	DTSAC	Environmental Health: Income generation	2017/18	yes	(4)	(40)
2017/18	23	FAC	Partnership work covered within existing resources	2017/18	yes	(5)	(50)
2017/18	24	FAC	Audit fees	2017/18	yes	(17)	(170)
2017/18	25	FAC	Internal Enforcement Agents for Local Tax recovery	2018/19	yes	0	(936)
2017/18	26	FAC	Council Tax: stopping paper based single person discount reviews	2017/18	yes	(9)	(90)
2017/18	27	PAC	Development Management: Planning application income	2017/18	yes	(5)	(50)
Sub Total						(210)	(3,486)
Net Savings Total						121	(491) a

a: £49,000 average net saving per annum

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Summary of Council Expenditure & Council Tax

	2016/17 Budget Net Expenditure £000	2017/18 Budget Net Expenditure £000
Service expenditure before Support Services and Capital Charges including trading accounts (see Appendix F)	13,914	14,701
Capital Charges and Support Services charged outside the General Fund	(225)	(231)
Sub Total	<u>13,689</u>	<u>14,470</u>
Non allocated expenditure: Collection Fund adjustment	<u>0</u>	<u>0</u>
Net Service Expenditure excluding capital charges	13,689	14,470
Revenue Support Grant inc CTS	0	0
Retained Business Rates	(1,951)	(1,990)
New Homes Bonus	0	0
Council Tax Requirement - Sevenoaks DC	(9,672)	(10,013)
Collection Fund Surplus	(333)	0
Grant & Council Tax income	<u>(11,956)</u>	<u>(12,003)</u>
Net Expenditure after Grant & Council Tax, before interest	1,733	2,467
Less: Interest and Investment income	(250)	(130)
Less: Property Investment Strategy Income	(500)	(500)
Amount to be met from Reserves	<u>983</u>	<u>1,837</u>
Contributions (to) / from reserves		
Earmarked Reserves		
Capital	(148)	(148)
Budget Stabilisation	1,083	1,484
New Homes Bonus Reserve	(120)	0
Financial Plan	501	501
Corporate Project Support	(333)	0
Planned contribution from General Fund Reserve	<u>0</u>	<u>0</u>
	<u>983</u>	<u>1,837</u>

	2015/16	2016/17	2017/18	
Taxbase	48,209	48,896	49,382	
	£	£	£	
Council Tax @ Band D	192.87	197.82	202.77	
Council Tax Summary				
Band D charge			%	%
Kent County	1,089.99	1,133.55	69.4	
Kent Fire	70.65	72.00	4.4	
Kent Police	147.15	152.15	9.3	
	<u>1,307.79</u>	<u>1,357.70</u>	<u>83.1</u>	<u>0.00</u>
Sevenoaks District	192.87	197.82	12.1	0.0
Average Town/Parish	73.95	78.08	4.8	
	<u>1,574.61</u>	<u>1,633.60</u>	<u>100.0</u>	<u>0.00</u>

Interest Receipts Summary

Investment interest		277		157
Mortgage and other interest		0		0
Allocations to Provisions		(27)		(27)
Net Revenue contribution		<u>250</u>		<u>130</u>

Net Service Expenditure analysed by Chief Officer

	Actuals	Budget	Draft
	15/16	16/17	17/18
Summary	£'000	£'000	£'000
Communities & Business	1,377	1,359	1,500
Corporate Services	2,482	2,643	2,845
Environmental & Operational Services	4,311	4,459	4,620
Financial Services	4,987	4,228	4,520
Planning Services	1,306	1,317	1,330
	<hr/>		
	14,464	14,006	14,815
Direct Services		(92)	(114)
Items outside General Fund		(225)	(231)
		<hr/>	
		13,689	14,470
		<hr/> <hr/>	

	Actuals	Budget	Draft
	15/16	16/17	Budget
Summary	£'000	£'000	17/18
			£'000
Pay Costs	10,221	11,142	11,848
Premises and Grounds	1,741	1,572	1,612
Transport	59	54	57
Supplies & Services	2,561	2,149	2,258
Supplies & Services IT	802	850	914
Agency & Contracted	4,662	3,442	3,540
Agency & Contracted - Partnerships	3,828	3,021	3,074
Agency & Contracted - Direct Services	3,753	3,914	4,031
Transfer Payments - Benefits	28,098	29,590	28,090
Transfer Payments - Other	134	38	39
Support Services	104	51	51
Funds drawn to/from Reserves	422	(64)	(310)
Income - Other	(31,154)	(32,029)	(30,498)
Income - Fees and Charges	(7,053)	(6,226)	(6,338)
Recharges	(269)	(281)	(282)
Recharges - Partnerships	(3,446)	(3,217)	(3,270)

Service expenditure before re-allocation of Support Services and Capital charges

14,464 14,006 14,815

Direct Services (net)

(92) (114)

Items outside General Fund

(225) (231)

13,689 14,470

Analysis of budget changes between 16/17 and 17/18

Base Budget 2016/17

13,689

Inflation

494

Superannuation Fund deficit

300

Other Items in Financial Plan

Net Savings agreed previous years

(134)

New Growth

331

New savings/income

(210)

Other adjustments

0

Draft Budget 2017/18

14,470

Net Service Expenditure analysed by Chief Officer

	Actuals	Budget	Draft
	15/16	16/17	Budget
	£'000	£'000	17/18
			£'000
Communities & Business			
All Weather Pitch	(5)	(5)	(5)
Broadband	0	0	0
Business Area Improvement Fund	0	0	0
Community Safety	172	181	183
Community Development Service Provisions	(5)	(5)	(5)
The Community Plan	48	52	53
Dunton Green Projects - S106	0	0	0
Dunton Green Projects	0	0	0
Economic Development	49	53	55
Economic Development Property	223	214	269
Grants to Organisations	184	184	183
Health Improvements	34	30	42
Healthy Living Centre	0	0	0
Healthy Lifestyles (SDC)	0	0	0
Homeless	83	82	152
Housing	256	228	191
Housing Initiatives	5	6	52
Homelessness Prevention	0	0	0
Housing Energy Retraining Options (HERO)	0	0	35
Leisure Contract	207	224	183
Leisure Development	20	20	20
Partnership - Home Office	0	0	0
Administrative Expenses - Communities & Business	13	15	25
Administrative Expenses - Housing	17	18	0
Tourism	31	30	31
Choosing Health WK PCT	0	0	0
Community Sports Activation Fund	0	0	0
Falls Prevention	0	0	0
Repair & Renew Flood Support Scheme	(2)	0	0
PCT Health Checks	0	0	0
Homelessness Funding	0	0	0
Leader Programme	10	6	5
New Ash Green	0	0	0
PCT Initiatives	0	0	0
Sportivate Inclusive Archery Project	0	0	0
Troubled Families Project	0	0	0
West Kent Partnership	0	0	0
West Kent Partnership Business Support	0	0	0
Youth	36	28	31
Total Service Expenditure	1,377	1,359	1,500

Net Service Expenditure analysed by Chief Officer

	Actuals	Budget	Draft
	15/16	16/17	Budget
	£'000	£'000	17/18
			£'000
Communities & Business			
Pay Costs	924	1,082	1,265
Premises and Grounds	14	0	0
Transport	7	8	8
Supplies & Services	149	145	146
Supplies & Services IT	4	0	0
Agency & Contracted	789	491	454
Transfer Payments - Other	33	38	39
Funds drawn to/from Reserves	(31)	20	(76)
Income - Other	(380)	(240)	(159)
Income - Fees and Charges	(132)	(185)	(177)
Recharges	0	0	0
Total Service Expenditure	1,377	1,359	1,500

Analysis of budget changes between 16/17 and 17/18

Base Budget 2016/17	1,359
Inflation (inc pay increments and terms and conditions SCIA 62; 63 14/15)	51
Planned Savings agreed previous years	
SCIA 01 (16/17) Economic Development & Property Staffing levels made permanent	28
SCIAS 2017/18	
SCIA 06 HERO Service	35
SCIA 07 Sencio Management fee	(44)
SCIA 15 Business Prospectus	5
Other Adjustments	66
Draft Budget 2017/18	1,500

Net Service Expenditure analysed by Chief Officer

	Actuals	Budget	Draft
	15/16	16/17	17/18
	£'000	£'000	£'000
Corporate Services			
Asset Maintenance IT	263	269	275
Civic Expenses	16	16	16
Corporate Projects	10	34	93
Democratic Services	126	129	138
Elections	81	80	121
Land Charges	(94)	(149)	(147)
Register of Electors	162	184	253
Administrative Expenses - Corporate Services	22	24	25
Administrative Expenses - Legal and Democratic	58	49	50
Administrative Expenses - Human Resources	22	10	10
Street Naming	(2)	15	5
Support - Contact Centre	399	453	436
Support - General Admin	23	36	37
Support - IT	871	940	1,002
Support - Legal Function	178	250	210
Support - Local Offices	59	57	57
Support - Nursery	3	0	0
Support - Human Resources	285	247	264
Website	0	0	0
Total Service Expenditure	2,482	2,643	2,845

Net Service Expenditure analysed by Chief Officer

	Actuals 15/16 £'000	Budget 16/17 £'000	Draft Budget 17/18 £'000
Corporate Services			
Pay Costs	1,560	1,801	2,047
Premises and Grounds	27	3	3
Transport	7	1	1
Supplies & Services	482	279	271
Supplies & Services IT	634	738	754
Agency & Contracted	502	169	182
Agency & Contracted - Direct Services	4	11	11
Transfer Payments - Other	3	0	0
Funds drawn to/from Reserves	(89)	20	(37)
Income - Other	(260)	0	0
Income - Fees and Charges	(264)	(294)	(301)
Recharges	(34)	(31)	(31)
Recharges - Partnerships	(91)	(54)	(54)
Total Service Expenditure	2,482	2,643	2,845

Analysis of budget changes between 16/17 and 17/18

Base Budget 2016/17	2,643
Inflation (inc pay increments and terms and conditions SCIA 62; 63 14/15)	85
Planned Savings agreed previous years	
SCIAs 2017/18	
SCIA 09 Increased IT costs	50
SCIA 13 Review of Training Budget	(15)
SCIA 16 Increased contribution to district council elections	22
SCIA 17 Electoral Services	60
SCIA 28 Business Rates (part)	(1)
Other Adjustments	1
Draft Budget 2017/18	2,845

Net Service Expenditure analysed by Chief Officer

	Actuals	Budget	Draft
	15/16	16/17	Budget
	£'000	£'000	17/18
			£'000
Environmental & Operational Services			
Asset Maintenance Argyle Road	60	70	72
Asset Maintenance Car Parks	36	19	0
Asset Maintenance CCTV	17	17	17
Asset Maintenance Countryside	5	8	8
Asset Maintenance Other Corporate Properties	17	31	32
Asset Maintenance Direct Services	24	37	38
Asset Maintenance Hever Road	27	36	37
Asset Maintenance Leisure	135	171	174
Asset Maintenance Playgrounds	1	8	8
Asset Maintenance Support & Salaries	81	93	99
Asset Maintenance Sewage Treatment Plants	3	8	8
Asset Maintenance Public Toilets	1	7	7
Bus Station	17	15	17
Car Parks	(1,735)	(1,840)	(1,870)
CCTV	260	243	250
Civil Protection	30	38	50
Dartford Environmental Hub (SDC Costs)	0	0	0
Car Parking - On Street	(467)	(446)	(470)
EH Commercial	258	279	283
EH Animal Control	21	1	1
EH Environmental Protection	338	366	371
Emergency	61	66	65
Energy Efficiency	25	33	29
Estates Management - Buildings	(56)	(21)	(21)
Estates Management - Grounds	125	102	110
Gypsy Sites	(33)	(31)	(20)
Disabled Facilities Grant Administration	0	(20)	(20)
Housing	0	0	0
Housing Premises	3	(0)	0
Kent Resource Partnership	0	0	0
Licensing Partnership Hub (Trading)	(4)	0	0
Licensing Regime	(1)	7	(4)
Markets	(182)	(187)	(185)
Parks and Recreation Grounds	106	101	114
Parks - Rural	162	109	114
Private Sector Housing	205	175	196
Public Transport Support	0	0	0
Refuse Collection	2,483	2,504	2,562
Administrative Expenses - Direct Services	(0)	0	0
Administrative Expenses - Health	7	21	21
Administrative Expenses - Property	2	4	4
Administrative Expenses - Transport	5	8	8
Street Cleansing	1,259	1,335	1,374

Net Service Expenditure analysed by Chief Officer

	Actuals	Budget	Budget
	15/16	16/17	17/18
	£'000	£'000	£'000
Environmental & Operational Services			
Support - Central Offices	395	426	433
Support - Central Offices - Facilities	257	240	266
Support - General Admin	262	284	278
Support - Health and Safety	16	19	21
Support - Direct Services	41	56	57
Support - Procurement	0	0	6
Support - Property Function	19	37	42
Sevenoaks Switch and Save	0	0	0
Taxis	(29)	(13)	(7)
Public Conveniences	57	45	45
Air Quality (Ext Funded)	0	0	0
Total Service Expenditure	4,312	4,459	4,620

Net Service Expenditure analysed by Chief Officer

	Actuals	Budget	Draft
	15/16	16/17	17/18
	£'000	£'000	£'000
Environmental & Operational Services			
Pay Costs	2,626	2,805	2,946
Premises and Grounds	1,683	1,552	1,592
Transport	38	39	40
Supplies & Services	894	690	706
Supplies & Services IT	28	0	6
Agency & Contracted	493	593	599
Agency & Contracted - Partnerships	708	745	749
Agency & Contracted - Direct Services	3,749	3,904	4,019
Transfer Payments - Other	40	0	0
Support Services	50	51	51
Funds drawn to/from Reserves	(62)	0	0
Income - Other	(1,013)	(1,163)	(1,237)
Income - Fees and Charges	(4,491)	(3,916)	(4,006)
Recharges	(45)	(38)	(38)
Recharges - Partnerships	(386)	(804)	(808)
Total Service Expenditure	4,311	4,459	4,620

Analysis of budget changes between 16/17 and 17/18

Base Budget 2016/17	4,459
Inflation (inc pay increments and terms and conditions SCIA 62; 63 14/15)	170
Planned Savings agreed previous years	-
SCIAs 2017/18	
SCIA 18 Licensing 4th Partner	(15)
SCIA 19 Asset Maintenance Car Parks	(19)
SCIA 21 Environmental Health Income Generation	(4)
SCIA 22 Procurement - Electronic Software	6
SCIA 28 Business Rates - mainly car parks	31
Other Adjustments	(8)
Draft Budget 2017/18	4,620

Net Service Expenditure analysed by Chief Officer

	Actuals	Budget	Draft
	15/16	16/17	Budget
	£'000	£'000	17/18
			£'000
Financial Services			
Action and Development	3	7	7
Benefits Admin	876	787	181
Benefits Grants	(659)	(659)	(25)
Consultation and Surveys	4	4	4
Corporate Management	985	950	970
Corporate - Other	0	(157)	136
Dartford Partnership Hub (SDC costs)	0	0	0
Equalities Legislation	14	18	19
External Communications	143	153	196
Housing Advances	1	1	1
Local Tax	98	48	93
Members	400	427	428
Misc. Finance	2,452	1,802	1,689
Performance Improvement	1	(1)	(1)
Administrative Expenses - Chief Executive	10	29	30
Administrative Expenses - Finance	37	34	35
Administrative Expenses - Transformation and Strateg	6	5	5
Support - Counter Fraud	0	92	54
Support - Audit Function	162	177	177
Support - Exchequer and Procurement	132	137	105
Support - Finance Function	139	150	193
Support - General Admin	69	109	110
Treasury Management	118	114	113
Total Service Expenditure	4,988	4,229	4,520

Net Service Expenditure analysed by Chief Officer

	Actuals	Budget	Draft
	15/16	16/17	Budget
	£'000	£'000	17/18
			£'000
Financial Services			
Pay Costs	2,911	3,103	3,174
Premises and Grounds	17	16	16
Transport	6	5	7
Supplies & Services	950	954	1,045
Supplies & Services IT	129	110	152
Agency & Contracted	2,722	2,085	2,199
Agency & Contracted - Partnerships	2,835	1,971	1,993
Transfer Payments - Benefits	28,098	29,590	28,090
Support Services	54	0	0
Funds drawn to/from Reserves	520	(180)	(217)
Income - Other	(29,496)	(30,625)	(29,102)
Income - Fees and Charges	(656)	(561)	(575)
Recharges	(191)	(192)	(192)
Recharges - Partnerships	(2,911)	(2,047)	(2,069)
Total Service Expenditure	4,987	4,229	4,520

Analysis of budget changes between 16/17 and 17/18

Base Budget 2016/17	4,229
Inflation (inc pay increments and terms and conditions SCIA 62; 63 14/15)	264
Planned Savings agreed previous years	0
SCIAs 2017/18	
SCIA 10 Apprenticeship Levy	45
SCIA 14 Consultancy	(18)
SCIA 22 Partnership work covered within existing resources	(5)
SCIA 24 Audit fees	(17)
SCIA 26 Council Tax - stop paper based single person discount reviews	(9)
Other Adjustments	(8)
Draft Budget 2017/18	4,481

Net Service Expenditure analysed by Chief Officer

	Actuals	Budget	Draft
	15/16	16/17	Budget
	£'000	£'000	17/18
			£'000
Planning Services			
Building Control Discretionary Work	(8)	(9)	(9)
Building Control Partnership Hub (SDC Costs)	0	0	0
Building Control	(84)	(128)	(98)
Conservation	53	48	49
Dangerous Structures	8	10	3
Housing (i)	176	146	0
Needs and Stock Surveys (i)	0	0	0
Planning Policy (i)	407	458	571
LDF Expenditure	0	0	0
Planning - Appeals	197	193	197
Planning - CIL Administration	0	(50)	(50)
Planning - Counter	0	0	0
Planning - Development Management	251	322	329
Planning - Enforcement	257	282	286
Fort Halstead	1	0	0
Administrative Expenses - Building Control	6	9	10
Administrative Expenses - Planning Services	42	35	43
Total Service Expenditure	1,306	1,317	1,330
(i) Budgets consolidated			

Net Service Expenditure analysed by Chief Officer

	Actuals	Budget	Draft
	15/16	16/17	17/18
	£'000	£'000	£'000
Planning Services			
Pay Costs	2,200	2,350	2,416
Premises and Grounds	0	1	1
Transport	1	1	1
Supplies & Services	86	81	91
Supplies & Services IT	6	2	2
Agency & Contracted	157	104	106
Agency & Contracted - Partnerships	286	305	331
Transfer Payments - Other	1	0	0
Funds drawn to/from Reserves	84	76	20
Income - Other	(5)	0	0
Income - Fees and Charges	(1,452)	(1,270)	(1,279)
Recharges	0	(20)	(21)
Recharges - Partnerships	(58)	(312)	(339)
Total Service Expenditure	<u>1,306</u>	<u>1,317</u>	<u>1,330</u>

Analysis of budget changes between 16/17 and 17/18

Base Budget 2016/17	1,317
Inflation (inc pay increments and terms and conditions SCIA 62; 63 14/15)	54
Planned Savings agreed previous years	0
SCIAs 2017/18	
SCIA 01 Building Control Reduction in budgeted income	39
SCIA 04 Revision to Pre-application charges	(25)
SCIA 05 Training	(4)
SCIA 27 Planning Application Income	(5)
Other Adjustments	(46)
Draft Budget 2017/18	<u>1,330</u>

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PAY COST ESTIMATES SUMMARY 2017/2018

Line No.		2016/17 BUDGET	2017/18 BUDGET	2016/17 FTE	2017/18 FTE
1	Communities and Business	833,190	971,033	17.07	20.35
2	Corporate Services	2,046,119	2,293,926	56.30	61.92
3a	Environmental Health	629,203	640,567	12.18	12.18
3b	Licensing	299,869	357,021	8.62	10.81
3c	Operational Services	607,753	621,835	13.99	13.99
3d	Operational Services (TASK)	2,858,125	2,965,610	90.56	94.17
3e	Parking & Amenity Services	428,244	439,983	12.00	12.00
3f	Property Services	717,635	737,921	19.48	19.48
4	Finance	2,747,497	2,834,956	67.40	68.61
5a	Planning	1,997,592	2,114,602	47.18	48.59
5b	Building Control	299,326	315,796	7.00	7.00
		13,464,553	14,293,250	351.78	369.10
	Other Salary Costs				
6	Vacancy Savings	(138,009)	(141,588)	0.00	0.00
	SUB-TOTAL	13,326,544	14,151,662	351.78	369.10
7	Communities & Business (Ext Funded)	411,804	381,991	11.24	10.50
8	Operational Services (Ext Funded)	100,674	107,096	2.00	2.00
9	Property Services (Ext Funded)	53,269	56,535	1.50	1.50
	GRAND TOTAL	13,892,291	14,697,284	366.52	383.10

NOTES

1) Externally funded posts (lines 7 to 9) have been excluded from earlier lines. The income will show elsewhere in the 2017/18 budget

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Capital Programme 2017-20

Chief Officer/Scheme	Funding Source	2016/17		2017/18 £000	2018/19 £000	2019/20 £000	TOTAL SCHEME COST £000
		Budget (i) £000	Forecast £000				
		Communities and Business					
Parish projects	Capital Receipts	61	-	61	-	-	61
Environmental and Operational Services							
Dunbrik Vehicle Workshop	Capital Receipts	117	117	-	-	-	117
Dunbrik Vehicle Workshop Roof	Capital Receipts	20	20	-	-	-	20
Dunbrik Vehicle Wash	Capital Receipts	-	-	30	-	-	30
Commercial vehicle replacements	Vehicle Renewal Res.	514	514	548	548	549	1,645
Disabled Facilities Grants (gross)	BCF (ii)	534	534	889	889	889	2,667
Sennocke Hotel	Fin Plan Reserve & Capital Receipts	1,500	-	1,500	6,000	1,000	8,500
Bradbourne Car Park	Internal Borrowing	5,300	4,500	800	-	-	5,300
Buckhurst 2 MSCP	External Borrowing	4,000	-	3,000	6,000	600	9,850
Finance							
Property Investment Strategy	Prop. Inv. Reserve	10,000	9,955	45	-	-	10,000
TOTAL		22,046	15,640	6,873	13,437	3,038	38,190

NOTE

(i) Includes c/fwds from 15/16

(ii) (KCC responsible for Better Care Fund (BCF)

Funding Sources

Capital Receipts	91	-	-
Financial Plan Reserve & Cap Receipts	1,500	6,000	1,000
Vehicle Renewal Reserve	548	548	549
Property Investment Strategy Reserve ***	45	0	0
Better Care Fund (KCC)	889	889	889
Internal Borrowing	800	-	-
External Borrowing	3,000	6,000	600
	<u>6,873</u>	<u>13,437</u>	<u>3,038</u>

*** Part will be funded from Capital Receipts

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Statement of Reserves and Provisions

1. This appendix sets out details of the reserves and provisions held by the council. These balances have been subject to a detailed review as part of the budget process. **The items in bold show the changes that are being recommended.**
2. One of the requirements of the Financial Planning Strategy is to have flexible use of the Budget Stabilisation Reserve. The fund incorporates any annual under-spends and absorbs any annual over-spends. **It is recommended that any variance in the 2017/18 budget is put into this reserve or absorbed by this reserve.**
3. **It is recommended that £1,677,000 be transferred into the Property Investment Strategy Reserve.** This will ensure that acquisitions are funded in the most efficient way and also replace the reduced funding now expected from the New Homes Bonus.
4. A Corporate Project Support Reserve is already in place to finance projects including 'invest to save' initiatives. **It is recommended that £149,000 be transferred into the Corporate Project Support Reserve to help fund future project work.**
5. To fund these increases it is recommended that the following reserves are reduced:
6. **Reduce the Budget Stabilisation Reserve by £1,000,000.** This reduction will leave an adequate amount in the reserve as required in the 10-year budget (Appendix B).
7. **Reduce the Pension Fund Valuation Reserve by £716,000.** This reserve can be reduced following the improved triennial pension fund valuation provided by the pension fund actuaries in 2016.
8. **Reduce the First Time Sewerage Reserve by £50,000** as some liabilities have expired.
9. **Reduce other smaller reserves by £60,000** following a review of the ongoing requirements.

The table below sets out the reserves and provisions held at 1 April 2016

	01/04/16	Purpose (some further details are included in the Statement of Accounts 2015/16)
Provisions	£000	
Business Rates Appeals	2,536	The change to the Business Rates Retention scheme means that the Council has to provide for its share of the costs arising from successful appeals by business ratepayers.
Accumulated Absences	152	Absorbs the difference that would otherwise arise on the General Fund Balance from accruing for compensated absences (e.g. annual leave) earned but not taken in the year. Opposite entry in Unusable Reserves.
Municipal Mutual Insurance (MMI)	289	A solvent run-off of MMI is now unlikely which may result in Councils being liable to clawback of monies paid out.
Other	93	To cover potential restitutionary claims in respect of personal search fees of the land register.
Sub Total	3,070	
Capital Receipts		
Capital Receipts	381	Balance from previous asset sales and mortgage repayments. Can be used to fund future capital expenditure.
Earmarked Reserves		
Action and Development	395	To fund ad hoc and unplanned expenditure (including emergencies and flooding).
Asset Maintenance	1,000	To fund emergency works to assets.
Budget Stabilisation	8,001	To support decisions required to continue to produce a balanced budget in future years.
Business Rates Retention	2,222	To manage the volatility in yearly cash flows in the Collection Fund caused by the complexities in the Business Rates Retention Scheme.
Capital Financing	266	Annual contributions from revenue to fund some capital projects.
Carry Forward Items	408	For specific items agreed by Cabinet, e.g. if a project has slipped between years.
Community and Business	382	External funding received for ongoing and future projects.
Corporate Project Support	616	To fund invest to save projects and external expertise required to investigate proposed projects.
Financial Plan	3,659	To support the 10-year budget and Property Investment Strategy.

First Time Sewerage	316	Transferred from a provision for potential liabilities relating to earlier sewerage installations.
Flood Support	144	To give grants to businesses that have suffered flooding and make claims under the Business Flood Support Scheme.
Housing Benefit Subsidy	638	Provides a cushion against large movements in reclaimable sums in any year.
IT Asset Maintenance	347	To fund future IT asset maintenance costs.
Local Plan/LDF	712	To help support the Local Plan and Local Development Framework.
New Homes Bonus (NHB)	379	NHB is being kept separate and used to fund the Property Investment strategy.
Pension Fund Valuation	1,216	To contribute towards downturns in future pension fund actuarial valuations.
Property Investment Reserve	15	To support the aims of the Property Investment Strategy.
Re-organisation	437	To fund actions taken to achieve annual budget savings.
Vehicle Insurance	312	Own vehicle damage for the commercial vehicle fleet. Contributions are made from the trading accounts.
Vehicle Renewal	605	Vehicle replacement for the commercial vehicle fleet. Contributions are made from the revenue trading accounts each year
Others	858	Includes Rent Deposit Guarantee, Local Strategic Partnership, Housing Benefit, Big Community Fund etc.
Sub Total	22,928	
General Fund	1,500	Acts as a working balance to meet unexpected issues during the year, for which a minimum of 10% of net service expenditure recommended. It also meets any planned deficits on the revenue account.
TOTAL	27,879	

Definitions:

Provisions - funds set aside for liabilities or losses which are known obligations, but are uncertain as to amounts or dates. Expenditure can be charged direct against the Provision without being reflected in the Revenue Account.

Capital Receipts - money received from the sale of assets (normally land and buildings) and the repayment of grants and advances (e.g. mortgage repayments). Such receipts can only be used to repay debt, or to finance capital investment.

Earmarked Reserve - amounts set aside for purposes falling outside the definition of Provisions. Expenditure should not be charged direct to reserves, but shown in the Revenue Account with the transfer to or from the reserve distinguished from service expenditure.

Unallocated Reserve - the General Fund balance. This amount is not set-aside for a specific purpose.

Risk Factors 2017/18

Issue	£ Scale	Likelihood 1 (low) - 5 (high)	Impact 1 (low) - 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place	Cash impact of 1% change in budgeted expenditure or income
Pay Costs	£14m total costs	1	4	4	1% pay increase = £140k. Budget assumptions: 1.0% pay award from 2017/18 to 19/20, then 2%	Largest single item of cost. Complex drivers across the organisation. Staff recruitment and retention.	Pay settlement agreed for 2017/18. Strict monitoring of both financials and staff numbers. New salary bands introduced from 1 April 2012 which reduced the costs of annual increments. Formal sickness & overtime monitoring. Separate control on agency staff. Part of National Agreement.	£140k
Pensions Funding	£22m deficit	1	3	3	1% change in employers contribs = £100k.	Deficit on County Fund. Future actuarial results. Government review.	£0.3m included in 10-year budget in 2017/18 to contribute towards any additional pensions costs. Further £200k in Plan in 2020/21 when the next valuation takes place	£100k
Major Service Income areas					See below by income type	Income subject to local economic conditions. Some very large single-source income targets (see below).	Strict monitoring, with trend analysis.	

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Issue	£ Scale	Likelihood 1 (low) - 5 (high)	Impact 1 (low) - 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place	Cash impact of 1% change in budgeted expenditure or income
- Land Charges	£0.2m	4	1	4	10% reduction would be £23k.	Volatile activity levels in the housing market. Potential for changes in Land Charges following the Infrastructure Act.	Continue to monitor.	£2k
- Development Control	£0.7m	3	3	9	10% reduction would be £75k.	Volatile activity levels in the housing market and general economic conditions. Fluctuations in income with major applications	Current year income is above target. Continue to monitor.	£7k
- Building Control	£0.5m	3	3	9	10% reduction would be £46k	Volatile activity levels in the housing market and general economic conditions. Competition from commercial organisations	Current year income is below target. Continue to monitor.	£5k
- Car Parks	£2.2m	1	4	4	10% reduction would be £222k	General economic conditions; central government directives	Current year income is below target mainly due to impact of Property Investment Strategy and capital works at our car parks. Continue to monitor.	£22.2k
- On-Street Parking	£0.6m	1	3	3	10% reduction would be £62k	General economic conditions. Legislative constraints on spending surpluses. Reverts to KCC control	Current year is above target. Continue to monitor and review.	£6.2k

Issue	£ Scale	Likelihood 1 (low) - 5 (high)	Impact 1 (low) - 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place	Cash impact of 1% change in budgeted expenditure or income
- Car Parking - Enforcement income	£0.2m	1	2	2	10% reduction would be £14k	General economic conditions; central government directives	Current year is similar to 15/16 income at similar time of year. Continue to monitor and review	£1.4k
Partnership working and partner contributions	£0.6m	3	2	6	Impact on individual projects is high. (As reported to Legal and Democratic AC in April 2016 we save £615k pa by working in Partnerships)	Partner actions delayed. Agreed funding not received by SDC. Partnerships ending.	Separate accounting arrangements. Active liaison with partners on service arrangements Written partnership agreements.	£6k
External Funding Awards including Leader project	£0.4m	3	2	6	Up to £450k Impact on individual projects is high	Time limited. Potential risk from uncertainty over replacement of project funds from UK government and other funding providers	Exit strategies in place.	£4.5k
Changes in service demand		3	3	9	Impacts will vary depending on service.		Service planning in place Continue to lobby Government where changes are due to new Gov't requirements.	
Interest Rates	£0.130m 17/18 budget	3	3	9	£230k per 0.5%.	Large cash variance from small rate changes. Reducing availability of suitable counter parties	Use of professional advisers. If internal borrowing is used for capital investment projects in 2017/18 there will be less cash earning bank interest. Realistic budget proposed for 2017/18	£2.3k
Investments	£46m balance at Nov 2016	1	5	5		Financial institutions going into administration.	Investment strategy regularly reviewed by FAC. Use of professional advisers.	n/a

Issue	£ Scale	Likelihood 1 (low) - 5 (high)	Impact 1 (low) - 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place	Cash impact of 1% change in budgeted expenditure or income
Asset base maintenance	£1.0m	2	2	4	Annual budget is based on 30% of assessed maintenance.	Unexpected problems occurring with financial implications. Reducing budget levels. Ageing assets particularly for leisure	Reserve funds set aside. 10 year maintenance planning carried out. Policy of reducing asset liabilities wherever possible.	n/a
Capital Investment resources (Capital receipts)	£0.4m balance at March 2016 utilised for Investment Property purchase	2	2	4	Risks taken into account in the Capital Programme report.	Capital receipt levels modest.	External funding sought wherever possible. Capital Investment priorities in place. Property Review being pursued to secure asset sales. Internal Borrowing approved for future investments	n/a
Property Investments	£12.7m at March 2016	1	4	4		Market value of property may reduce below price at acquisition	External property investment advisors retained for each acquisition; due diligence undertaken pre-purchase. Purchases only made within strategy, which is kept under review.	n/a
Rental Income from Investment Property	£0.5m in 2017/18 budget	1	4	4	Dependant on financial strength of tenants + good management to reduce impact of void periods.	Property tenants unable to pay rents/length of void premises/ability to source new tenants	Due diligence prior to letting to new tenants; tight control on rent payments	£5k
Disposal of surplus assets	£2.5m budget in plan (16/17)	2	2	4	Risks taken into account in the Capital Programme and Asset Maintenance report.	Planning conflict. Resources required to bring sites forward.	Land Owner/Planning protocols in place. In-house property team. Planned Property Review disposal programme.	

Issue	£ Scale	Likelihood 1 (low) - 5 (high)	Impact 1 (low) - 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place	Cash impact of 1% change in budgeted expenditure or income
Government Support: Revenue Support Grant	£0 in 2016/17 revenue budget				n/a	n/a	Excluding grant from budget from 16/17 onwards so SDC will be self sufficient from govt. funding; Adequate level of General Reserve held.	n/a
Government Support: Retained Business Rates	£1.9m in 2016/17	5	4	20	£19k per 1% change	Government changing baseline and therefore safety net levels. Time delays in decisions on appeals. High volume of successful valuation appeals. Central government intends to introduce 100% business rate retention by end of current Parliament	10-year budget strategy gives ability to gradually adjust for changes. Adequate level of General Reserve held.	£19k
Council tax Referendum limits	£9.70m CTAX income in 16/17	4	3	12	£97k per 1% Government controls on changes in council tax rates	Council tax increases limited to £5.00 Impact on council tax base from Local CTAX schemes.	Draft 10-year budget includes council tax increase assumptions for future years.	£97k

Issue	£ Scale	Likelihood 1 (low) - 5 (high)	Impact 1 (low) - 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place	Cash impact of 1% change in budgeted expenditure or income
Future Service Changes by Government		4	4	16		Additional services without consequent resources, e.g. previous examples of Maint. of trees on common land. Government directives on income charging e.g. Personal searches. Potential changes on health responsibilities.	Monitor proposals. Respond to consultation with local view.	
Fuel cost increases for Direct Services	£0.5m	5	2	10	10% increase would be £50k	Changes in global oil prices.	Continue to monitor fuel usage and efficiency. Vehicle replacement programme.	£5k
Changes to Audit Arrangements		2	2	4		Abolition of Audit Commission in March 2015; change of external auditors	Plan responses to new initiatives well in advance. <i>(appointment of external auditors transfers to Public Sector Audit Appointments Ltd)</i> , Ensure Council organisation design can meet challenges.	

Item 7 (a) - Gambling Act 2005: Licence Fees from April 2017

The attached report was considered by the Licensing Committee, relevant minute extract below:

Licensing Committee - 4 January 2017 (Minute 22)

Members considered a report which set out the new proposed fee structure which ensured that the licensing of Gambling premises maintained a 'self financing' position for the service, in accordance with the Council's Service and Budget Plan. A fees model, similar to the one used to first set the Gambling Act fees in 2007 was used. The Licensing Partnership Manager advised that there was an error in the report and the maximum fee that could be charged for Adult Gaming Centres £1000 rather than £750.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to full Council to approve the appropriate fees from 1 April 2017, as set out below

Premises Type	New Application £	Annual Fee £
Existing Casinos	n/a	n/a
New Small Casino	7820	4340
New Large Casino	9000	7005
Bingo Club	2220	780
Betting Premises (excluding Tracks)	2790	565
Tracks	1740	780
Family Entertainment Centres	1740	640
Adult Gaming Centre	1740	780
Temporary Use Notice	225	N/A

	Application to Vary £	Application to Transfer £	Application for Re-Instatement £	Application for Provisional Statement £	Licence Application (provisional Statement holders) £	Copy Licence £	Notification of Change £
Existing Casinos	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Agenda Item 7a

New Small Casino	3820	1645	1645	7875	2810	12	28
New Large Casino	4275	2090	2090	9005	4125	12	28
Bingo Club	1670	1200	405	2220	1200	12	28
Betting Premises (excluding tracks)	1500	1200	385	1740	1200	12	28
Tracks	1250	950	385	1695	950	12	28
Family Entertainment Centres	1000	950	390	1735	950	12	28
Adult Gaming Centre	1000	1200	390	1735	1200	12	28
Temporary Use Notice	n/a	n/a	n/a	n/a	n/a	12	28

GAMBLING ACT 2005: LICENCE FEES FROM APRIL 2017

Council - 21 February 2017

Report of Chief Officer Environmental and Operational Services

Status: For Decision

Also considered by: Licensing Committee - 4 January 2017

Key Decision: No

This report supports the Key Aim of Safe Communities to aid in the reduction of crime within the District.

Portfolio Holder Cllr. Anna Firth

Contact Officer Claire Perry Ext. 7325 / 07970 731616

Recommendation to the Licensing Committee:

That Full Council is recommended to approve the appropriate fee levels as set out in Appendix A.

Recommendation to Council:

That subject to the comments of the Licensing Committee, the fees set out in Appendix A are approved.

Reason for recommendation: to ensure that the Council complies with its statutory duty and ensure that the licensing of Gambling premises is self financing, in accordance with the Council's Service and Budget Plan. A fees model, similar to the one used to first set the Gambling Act fees in 2007 was used.

Introduction and Background

- 1 The Gambling Act 2005 Section 212 gives the Secretary of State power to make regulations prescribing the fees payable to the Licensing Authority. It also gives the power to devolve to Licensing Authorities in England and Wales the freedom to set fees for premises licence applications, subject to any constraints the Secretary of State may prescribe which includes a maximum fee level. The government has decided that for England and Wales, Licensing Authorities will determine their own fees for gambling premises licences but that the Secretary of State will prescribe the maximum fee payable for each category of licence.

Agenda Item 7a

- 2 The maximum levels have been included in Appendix A in brackets for comparison purposes. The previous years fees are printed in italics for your information. Those cells that are shaded in the body of the table are where we have reached the maximum fee level that may be set.
- 3 There is an initial fee to cover the cost of application and an annual fee.
- 4 Licensing Authorities have been asked to set fees to ensure full cost recovery and that the fee levels represent fairness and value for money for the gambling industry. All Licensing Authorities must set their fees upon a cost recovery basis only and will be required to review their fee levels on an annual basis to ensure this.
- 5 Fees must be set for all types of premises licences and Temporary Use Notices (TUN's).

Premises type

- Casinos
 - Bingo
 - Betting (off-course)
 - Tracks (on-course betting)
 - Adult Gaming Centres
 - Family Entertainment Centres
- 6 Fees must be set by each Licensing Authority for the following:
 - Application for a (new) premises licence
 - Application to vary a premises licence
 - Application to transfer the licence
 - Application for re-instatement of the premises licence
 - Application for a provisional statement
 - Application for a premises licence for a premises which already has a provisional statement
 - Fee to accompany a request for a copy of the premises licence
 - Fee to accompany a notification of change of circumstances (only relevant change is that of address)
 - Fee to accompany a temporary use notice

- 7 The District currently has six betting premises that will be affected by the proposed fee increases. There are no other gambling premises currently operating in the District. The betting premises are:
- William Hill - Swanley
 - Betfred - Swanley
 - Ladbrokes - Swanley
 - Coral - St. John's Hill, Sevenoaks
 - Coral - London Road, Sevenoaks
 - Coral - Edenbridge
- 8 The fees have been calculated by examining the time it takes to carry out the various tasks in processing the application and who in the authority is likely to carry them out. The hourly rates of staff are fed in to a spread sheet (originally produced by LACORS to calculate the Gambling Act fees) to calculate costs for each type of activity.
- 9 The type of tasks involved in Gambling premises application include assistance to applicant, checking of an application upon receipt, processing the application, assess representations for relevance, undertake informal mediation, undertaking site visits where necessary. Once processed determining the licence or arranging a hearing and holding a hearing, notification of the decision, prepare and issue the licence, update the records/register, appeal preparation and holding an appeal hearing.
- 10 The costs associated with an appeal and hearings have been estimated and an estimation has been made as to the likelihood of these events occurring is entered into the final calculations. The risk of appeals and hearings occurring has been based on the experience of our partners within the Licensing Partnership.
- 11 The result of the calculations is set out in Appendix A of the report. There are three figures for each licence type/fee. The figure in bold font is the new proposed fee, the figure in brackets is the maximum fee set by the legislation and the figure in italics is the existing fee. Those cells that are shaded in the body of the table are where we have reached the maximum level of fee that can be set.

Other Options Considered and/or Rejected

- 12 If the Licensing Committee were minded not to approve these fees the Council would not be able to meet the Council's Service and Budget Plan or ensure the licensing of Gambling premises was self-financing.

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Key Implications

Financial

The cost of licence fees takes into account the need to maintain a 'self financing' position for the service. The proposals contained in this report will achieve this. The current number of premises that will be subject to Gambling Act 2005 fees is six betting shops, whose annual fees will generate £3,390, a reduction in income of £495 in the budget.

Legal Implications and Risk Assessment Statement.

Should parts of industry believe the authority's fees are at a level which is greater than the costs of the statutory functions then it would be open to them to undertake a judicial review proceeding. Should this arise, the authority would need to evidence how it arrived at the fee levels to demonstrate that they have been calculated on a cost recovery basis only.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Appendices

Appendix A - Gambling Act 2005 fees from 2017

Background Papers

None

Richard Wilson

Chief Officer Environmental and Operational Services

SEVENOAKS DISTRICT COUNCIL'S GAMBLING ACT 2005 - FEES
From April 2017

Premises Type	New Application			Annual Fee		
	£			£		
Existing Casinos	n/a			n/a		
New Small Casino	7820	(8,000)	7700	4340	(5000)	4275
New Large Casino	9000	(10,000)	8845	7005	(10000)	6900
Bingo Club	2220	(3500)	2190	780	(1000)	770
Betting Premises (excluding Tracks)	2790	(3000)	2750	565	(600)	555
Tracks	1740	(2500)	1710	780	(1000)	770
Family Entertainment Centres	1740	(2000)	1710	640	(750)	630
Adult Gaming Centre	1740	(2000)	1710	780	(750)	770
Temporary Use Notice	225	(500)	220	N/A		

	Application to Vary	Application to Transfer	Application for Re-Instatement	Application for Provisional Statement	Licence Application (provisional Statement holders)	Copy Licence	Notification of Change
	£	£	£	£	£	£	£
Existing Casinos	n/a	n/a	n/a	n/a	n/a	n/a	n/a
New Small Casino	3820	1645	1645	7875	2810	12	28
	(4000)	(1800)	(1800)	(8000)	(3000)	(25)	(50)
	<i>3760</i>	<i>1620</i>	<i>1620</i>	<i>7760</i>	<i>2700</i>	<i>11</i>	<i>27</i>
New Large Casino	4275	2090	2090	9005	4125	12	28
	(5000)	(2150)	(2150)	(10000)	(5000)	(25)	(50)
	<i>4210</i>	<i>2060</i>	<i>2060</i>	<i>8870</i>	<i>4065</i>	<i>11</i>	<i>27</i>
Bingo Club	1670	1200	405	2220	1200	12	28
	(1750)	(1200)	(1200)	(3500)	(1200)	(25)	(50)
	<i>1645</i>	<i>1200</i>	<i>400</i>	<i>2190</i>	<i>1200</i>	<i>11</i>	<i>27</i>
Betting Premises (excluding tracks)	1500	1200	385	1740	1200	12	28
	(1500)	(1200)	(1200)	(3000)	(1200)	(25)	(50)
	<i>1480</i>	<i>1200</i>	<i>380</i>	<i>1715</i>	<i>1200</i>	<i>11</i>	<i>27</i>
Tracks	1250	950	385	1695	950	12	28
	(1250)	(950)	(1200)	(2500)	(950)	(25)	(50)
	<i>1250</i>	<i>950</i>	<i>380</i>	<i>1670</i>	<i>950</i>	<i>11</i>	<i>27</i>
Family Entertainment Centres	1000	950	390	1735	950	12	28
	(1000)	(950)	(950)	(2000)	(950)	(25)	(50)
	<i>1000</i>	<i>950</i>	<i>385</i>	<i>1710</i>	<i>950</i>	<i>11</i>	<i>27</i>
Adult Gaming Centre	1000	1200	390	1735	1200	12	28
	(1000)	(1200)	(950)	(2000)	(1200)	(25)	(50)
	<i>1000</i>	<i>1200</i>	<i>385</i>	<i>1710</i>	<i>1200</i>	<i>11</i>	<i>27</i>
Temporary Use Notice	n/a	n/a	n/a	n/a	n/a	12	28
						(25)	(50)
						<i>11</i>	<i>27</i>

The proposed new fees as shown in bold type in the table above. For ease of reference the maximum fees identified by DCMS that could be charged are shown in brackets and last year's fees are in italics. Those cells that are shaded in the body of the table are where we have reached the maximum level of fee that can be set.

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**Item 7 (b) - Local Government (Miscellaneous Provisions) Act 1982 -
Licence Fees From April 2017**

The attached report was considered by the Licensing Committee, relevant minute extract below:

Licensing Committee - 4 January 2017 (Minute 23)

Members considered a report which set out the new proposed fee structure which ensured that the licensing of Sexual Entertainment Venues maintained a 'self financing' position for the service, in accordance with the Council's Service and Budget Plan. A fees model similar to the one used to first set the Gambling Act fees in 2007 was used.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommend to Full Council to approve the appropriate fee levels as £3,580 for a new or renewal application, and £1,795 for transfer of an application.

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LOCAL GOVERNMENT (MISCELLANEOUS PROVISIONS) ACT 1982: LICENCE FEES FROM APRIL 2017

Council - 21 February 2017

Report of Chief Officer Environmental and Operational Services

Status: For Decision

Also considered by: Licensing Committee - 4 January 2017

Key Decision: No

This report supports the Key Aim of Safe Communities to aid in the reduction of crime within the District.

Portfolio Holder Cllr. Anna Firth

Contact Officer Claire Perry Ext. 7325 / 07970 731616

Recommendation to the Licensing Committee:

That Full Council is recommended to approve the appropriate fee levels as set out in paragraph 4.

Recommendation to Council:

That subject to the comments of the Licensing Committee, the fees set out in paragraph 4 are approved.

Reason for recommendation: to ensure that the Council complies with its statutory duty and ensure that the licensing of Sexual Establishments is self financing, in accordance with the Council's Service and Budget Plan. A fees model, similar to the one used to first set the Gambling Act fees in 2007 was used.

Introduction and Background

- 1 The fees have been calculated by examining the time it takes to carry out the various tasks in processing the application and who in the authority is likely to carry them out. The hourly rates of staff are fed in to a spread sheet (originally produced by LACORS to calculate the Gambling Act fees) to calculate costs for each type of activity.
- 2 The type of tasks involved in Sexual Establishment premises application include assistance to applicant, checking of an application upon receipt, processing the application, assess representations for relevance, undertake

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informal mediation, undertaking site visits where necessary. Once processed determining the licence or arranging a hearing and holding a hearing, notification of the decision, prepare and issue the licence, update the records/register, appeal preparation and holding an appeal hearing.

- 3 The costs associated with an appeal and hearings have been estimated and an estimation has been made as to the likelihood of these events occurring is entered into the final calculations. The risk of appeals and hearings occurring has been based on the experience of our partners within the Licensing Partnership. This has been increased in likelihood following the recent applications at Maidstone Borough Council.
- 4 The result of the calculations is that a fee of £3,580 is set for a new application or a renewal application. The experience of our partners is that as many representations are received for a new and renewal application. However, there is less likely to be a hearing for a transfer of an application and therefore this cost is set at £1,795. The existing fee is £3,100 for all licence types.

Other Options Considered and/or Rejected

- 5 If the Licensing Committee were minded not to approve these fees the Council would not be able to meet the Council's Service and Budget Plan or ensure the licensing of Sexual Entertainment Venue premises was self-financing.

Key Implications

Financial

The cost of licence fees takes into account the need to maintain a 'self financing' position for the service. The proposals contained in this report will achieve this. However, there are no Sexual Entertainment Venues within the District at the moment.

Legal Implications and Risk Assessment Statement.

Should parts of industry believe the authority's fees are at a level which is greater than the costs of the statutory functions then it would be open to them to undertake a judicial review proceeding. Should this arise, the authority would need to evidence how it arrived at the fee levels to demonstrate that they have been calculated on a cost recovery basis only.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

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Item 7 (c) - Monitoring Officer's Annual Report

The attached report was considered by the Standards Committee, relevant minute extract below:

Standards Committee - 11 January 2017 (Minute 3)

The Monitoring Officer presented the twelfth Annual Report, which set out the role of the Monitoring Officer and provided an overview of the work of the Monitoring Officer, and the Standards Committee and the general governance arrangements of the Council during 2016. Members were advised that the current Monitoring Officer had joined the Council on 1 July 2016.

The Monitoring Officer advised that the 2015/16 annual letter from the Local Government Ombudsman set out that 21 complaints and enquiries had been received. Of the 21 complaints nine were closed after initial enquiries, five were referred back for local resolution, six were not upheld and one was upheld.

Members were advised that under the Localism Act 2011, the Council had appointed an Independent Person and a deputy to assist in considering complaints and who were consulted by the Monitoring Officer to help decide what action to. Members were reminded that at another Council a Member had been prosecuted for taking part and voting on a matter in which he had a disclosable pecuniary interest. In response to a question the Monitoring Officer advised that dispensations regarding disclosable pecuniary interests could be granted depending on the circumstances and that these would mostly be decided by the Standards Sub Committee for granting dispensations.

The Monitoring Officer provided details on the four complaints of Member misconduct received during 2016. Three complaints had been withdrawn and one had no further action due to insufficient evidence. In comparison there were six complaints received during 2015. Members were assured that robust procedures were in place to raise ethical standards, identify problems and to ensure that Members, Officers and the Public were aware of appropriate channels to raise concerns.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Members thanked the Monitoring Officer for the informative report.

Resolved: That it be recommended to Council that the report be noted.

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MONITORING OFFICER'S ANNUAL REPORT

Council - 21 February 2017

Report of Monitoring Officer

Status: For consideration

Also considered by: Standards Committee - 11 January 2017

Key Decision: No

This report supports the Key Aim of effective management of Council resources.

Contact Officer Martin Goodman - Monitoring Officer Ext. 7245

Recommendation to the Standards Committee: That the Monitoring Officer's Annual Report be noted.

Recommendation to Full Council: That the Monitoring Officer's Annual Report be noted.

Reason for recommendation: This report sets out the work of the Monitoring Officer and Standards Committee. It also reports upon the governance arrangements monitored by other committees and as such provides information on the ethical standards set by the Council. It is intended to promote Member and public confidence in the Council's governance framework and standards regime.

Introduction and Background

- 1 The twelfth Annual Report of the Monitoring Officer is attached as an Appendix to this report.
- 2 The purpose of the Monitoring Officer's Report is to provide an annual overview of the work of the Monitoring Officer, the work of the Standards Committee and the general governance arrangements of the Council.
- 3 Reporting provides an opportunity to review and learn from experience. The Report also gives Members of the Standards Committee background information to facilitate the carrying out of their functions.

Substance of Report

- 4 The Monitoring Officer's Report sets out the Monitoring Officer's statutory responsibilities, summarises how these duties have been discharged during 2016 in accordance with legislation and the Council's Constitution. If

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necessary it can draw attention to those issues requiring attention in the coming year.

Key Implications

Financial

The Monitoring Officer's Report has not identified any financial implications for this Council over and above normal requirements.

Legal Implications and Risk Assessment Statement.

The Monitoring Officer's Report has not uncovered any illegality.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

The Monitoring Officer's report sets out the elements of good governance and demonstrates that robust procedures are in place to raise ethical standards, identify problems and ensure that Members, Officers and the Public are aware of appropriate channels to raise concerns.

Appendices

Appendix - Monitoring Officer's Report

Background Papers

None

Martin Goodman
Monitoring Officer

**REPORT OF THE
MONITORING OFFICER
2016**

Introduction

This is the twelfth Annual Report of the Monitoring Officer for the period January 2016 to December 2016. The purpose of the Monitoring Officer’s Report is to provide an annual overview of the work of the Monitoring Officer, the work of the Standards Committee and the general governance arrangements of the Council. Reporting provides an opportunity to review and learn from experience.

The Report also gives Members of the Standards Committee background information to facilitate the carrying out of their functions. The Monitoring Officer’s Report sets out the Monitoring Officer’s statutory responsibilities and summarises how these duties have been discharged during 2016 in accordance with legislation and the Council’s Constitution. Where necessary the Report can draw attention to those issues requiring attention in the coming year.

1. Recommendations

That the Standards Committee notes the Monitoring Officer’s Annual Report.

That Full Council notes the Monitoring Officer’s Annual Report.

2. The Role of the Monitoring Officer

The role of the Monitoring Officer derives from the Local Government and Housing Act 1989. The Act requires local authorities to appoint a Monitoring Officer.

The Monitoring Officer has a broad role in ensuring the lawfulness and fairness of Council decision making, ensuring compliance with Codes and Protocols and promoting good governance and high ethical standards.

The current Monitoring Officer joined the Council on 1 July. Prior to this, the position had been held by the Chief Officer Legal and Governance and for one month by the Chief Officer Corporate Services on an interim basis.

A Summary of the Monitoring Officer’s Functions is as follows:

<u>Description</u>	<u>Source</u>
Report on contraventions or likely contraventions of any enactment or rule of law	Local Government and Housing Act 1989
Report on any maladministration or injustice where the Ombudsman has carried out an investigation	Local Government and Housing Act 1989
Appoint a Deputy	Local Government and Housing Act 1989

<u>Description</u>	<u>Source</u>
Establish and maintain the Register of Members' interests.	The Localism Act 2011 (Commencement No. 6 and Transitional, Savings and Transitory Provisions) Order 2012 The Localism Act 2011 The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
Report on sufficiency of resources.	Local Government and Housing Act 1989
Maintain the Constitution	The Constitution
Promote and maintain high standards of conduct.	The Localism Act 2011
Grant Dispensations	The Localism Act 2011 and delegation from Council
Consulting with, supporting and advising the Head of Paid Service and s.151 Officer on issues of lawfulness and probity.	The Constitution
Appointing an Investigating Officer in relation to Member Complaints	The Localism Act 2011 and the Constitution
Advising the Standards Hearings Sub Committee in relation to allegations of breaches of the Code of Conduct and advising when matters are determined following an investigation	The Localism Act 2011 and the Constitution
Advise on whether executive decisions are within the Budget & Policy Framework.	The Constitution
Provide advice on vires issues, maladministration, financial impropriety, probity, Budget and Policy Framework issues to all members.	The Constitution and s.5 of Local Government and Housing Act 1989
Legal Advice and Support to the authority	The Constitution
Considering whether certain Information is exempt from disclosure under the Freedom of Information Act.	Freedom of Information Act 2000

3. The Constitution

The Constitution sets out how the Council operates and how decisions are made. It sets out the procedures which are followed to ensure that these decisions are efficient, transparent and that those who make the decisions are accountable to local people. The Monitoring Officer is responsible for ensuring that the Constitution operates efficiently, is properly maintained and followed.

3.1 Constitutional Review and Revision

This Council continues to update its Constitution as and when necessary and reports to the Governance Committee of the Council in this respect. During the year there were no substantial revisions to the Council's constitution.

3.2 Fitness for Purpose

The Constitution sets out in clear terms how the Council operates and how decisions are made. Some of these processes are required by law, while others are a matter for the Council to choose. The purpose of the Constitution is to:

- ensure that those responsible for decision making are clearly identifiable to local people and that they explain the reasons for decisions;
- support the active involvement of local people in local authority decision making;
- help Members represent local people more effectively;
- enable decisions to be taken efficiently and effectively; and
- hold decision makers to public account.

3.3 Managing the Constitution

Any significant changes to the Council's decision making arrangements and Committee structure need to be approved by full Council. The Council will monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect. The Governance Committee ensures that this takes place.

4. Lawfulness and Maladministration

The Monitoring Officer is the Council's lead adviser on issues of lawfulness and the Council's powers and in consultation with the Head of Paid Service and the Chief Finance Officer (s.151 Officer) advises on compliance with the Budget and Policy Framework. Part of this role involves monitoring Committee reports, agendas and decisions to ensure compliance with legislation and the Constitution.

The Monitoring Officer ensures that agendas, reports and minutes of all Council meetings are made publicly available unless there is a reason for exemption under the Local Government Act 1972. In addition, Portfolio Holder decisions are also made publicly available subject to the same caveat as are all planning and licensing

Appendix

decisions made by Officers including other Officer delegated decisions as required by the Openness of Local Government Bodies Regulations 2014. It is of course the Council's position that where required by law all such decisions should easily be accessible by members of the public through the Council's website: www.sevenoaks.gov.uk.

If the Monitoring Officer considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration he must report to the full Council or where appropriate the Cabinet after first consulting with the Head of Paid Service and the Chief Finance Officer (s.151 Officer). Any proposal or decision that is subject to such a report cannot be implemented until the report has been considered.

The sound governance arrangements operated by the Council ensure that the power to report potentially unlawful decision making is rarely used and the Monitoring Officer has not had to issue such a report throughout 2016.

4.1 Reports from the Local Government Ombudsman

In 2015/16 the annual letter from the Local Government Ombudsman reported 21 complaints and enquiries received.

Three complaints related to Benefits and Tax, no complaints related to Corporate and Other Services, three related to Environmental Services, one related to Highways and Transport, three related to Housing, one related to what is categorised as 'Other' and ten complaints related to Planning and Development.

Of these 21 Ombudsman complaints nine were closed after initial enquiries, five were referred back for local resolution, six were not upheld and one was upheld.

It is worth noting that a further complaint was held by the Ombudsman to be incomplete or invalid.

In providing these statistics the Local Government Ombudsman emphasises that they may not necessarily align with the data held by the Council. This may be because the numbers include enquiries from people signposted back to the Council who never make further contact.

5. Good Governance

The Monitoring Officer has a pro-active role in promoting good practice, good procedures and good governance. This involves networking, collaboration, joined-up working practices and decision making as well as ensuring standing orders, codes of practice, procedures are kept under review and up to date. The Monitoring Officer regularly meets with the Head of Paid Service (the Chief Executive) and sits on Strategic Management Team with the Chief Officers including the s.151 officer (Chief Finance Officer). The Monitoring Officer also works in partnership with officers of the Council to develop and disseminate policies and procedures.

6. Quercus 7

On the last day of 2015 the Council stepped up its efforts to bring further economic growth to the District by establishing a Trading Company wholly owned by the Council so as to exercise the power to trade contained in the Local Government Act 2003 and the Localism Act 2011. The first board meeting of this Trading Company took place on 15 November 2016 and the Monitoring Officer is the Company Secretary. In case of conflict of interest the officers of the Legal Department and the Chief Officer Corporate Services are available to procure independent advice to the Council on issues arising from this arrangement.

It should be remembered that Quercus 7 is a company and not part of the Council. No member is in control of the company and the Council collectively holds the one share. The role of the Monitoring Officer therefore does not apply to the operations of Quercus 7.

7. The Ethical Framework and Work of the Standards Committee

The Standards Committee (introduced on the 24 July 2012) comprises seven Members. The Committee welcomed two new members during the course of the year.

Legislation allows for the appointment of Independent Persons, who have a statutory role under the Localism Act 2011 to assist any Member who has been accused of breaching the Code of Conduct. Sevenoaks District Council has appointed two Independent Persons. They are not co-opted Members of the Standards Committee although they are given details of the Committee's meeting date in order that they may attend.

The Independent Persons also assist the Monitoring Officer in considering complaints and are consulted by the Monitoring Officer following investigations to help decide what action to take.

The Standards Committee has a key role in facilitating and promoting the Ethical Framework and in promoting and maintaining high standards of conduct within the Authority. The terms of reference of the committee are set out within Part 3 of the Constitution entitled "Standards Committee".

Examples of the Standards Committee's work during 2016 are as follows:

- Receiving the Annual Monitoring Officer's Report
- Being on Standby to grant Dispensations
- Being on Standby to carry out hearings.

8. Disclosable Pecuniary Interests and Non-Pecuniary Interests

The codes of conduct of relevant authorities must include provision for the registration and disclosure of Disclosable Pecuniary Interests (DPIs) as defined in

the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012. The Localism Act 2011 introduced criminal offences for failure to register DPIs.

On 22 November 2016 Members received training to remind them that they commit a criminal offence if they participate or vote when they have a DPI 'in' a matter. A Member has a DPI 'in' a matter where it is, or includes, his interest - where there is a close alignment between the interest and the matter under consideration. Ultimately the responsibility for complying with this provision lies upon Members although the Monitoring Officer will provide advice as necessary.

Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012. Members are aware that even if a Member's interest does not amount to a disclosable pecuniary interest, if their interest in a matter would lead them to predetermine a decision, or look like they are biased, it would not be appropriate for that member to participate in the decision. If they did so the decision could be vulnerable to challenge. The Sevenoaks District Council Code of Conduct also requires the registration of certain non-pecuniary interests, although no criminal liability attaches to a failure to register.

The prohibitions on councillors participating in any discussion or vote on an item of Council business in which they have a DPI ensures that Councillors cannot put their private financial interests before the public interest. However, where a Councillor has a disclosable pecuniary interest but stand to make no personal financial gain by participating in a discussion or vote on Council business related to that interest, they can apply for a dispensation, under section 33 of the Localism Act 2011. The grounds for granting a dispensation will depend on the circumstances.

Dispensations are mostly considered by the Standards Sub-Committee for Granting Dispensations, although the Monitoring Officer has power to grant dispensations in circumstances where a meeting may not be quorate. In respect of parish and town councils, the Clerk has the power to consider and grant dispensations.

Members convicted of offences under the Act are liable to a fine of £5,000 and may also be disqualified from being a councillor for up to five years.

9. Code of Conduct for Employees

The Code is based on an original draft published by the IDeA and has been updated since being implemented in 2006. The Code forms part of the employers' terms and conditions of employment. The Code is available on the Council's intranet and is introduced to employees during the induction process along with relevant policies.

Under the Code employees must declare any non-financial or financial interests that they or members of their family have which they consider could conflict with the Council's interests. Chief Officers and the Chief Executive declarations of non-financial or financial interests are declared to the Monitoring Officer.

All relationships of a business or private nature with external contractors, or potential contractors should be made known to the employees' Managers and Chief Officers. All hospitality received and given should be appropriate, necessary and

must, wherever possible, have the prior sanction of the relevant Chief Officer and must be recorded in the Hospitality Book kept by the Chief Executive's Secretary. There is a Protocol on Corruption, Gifts and Hospitality contained within the Staff Code of Conduct. The Hospitality Book is regularly reviewed by the Monitoring Officer, Head of Paid Service and s. 151 Officer.

10. Standards Committee and the Code

Sevenoaks District Council's Code of Conduct is based on text published by the Department for Communities and Local Government (DCLG). Town and Parish Councils have adopted their own Codes based on the seven Nolan principles of Selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The District Council encouraged Town and Parishes to adopt the Sevenoaks District Council Code, although it is known that some have adopted the National Association of Local Council's model.

The Standards Committee is an ordinary committee of the Council which means that it is subject to the usual requirements relating to access to information and political balance.

11. Complaints against Members

The current Standards Regime, set up under the Localism Act 2011, was implemented by this Council in July 2012. This provides a mechanism for receiving and processing complaints against Members.

Under the Localism Act 2011 authorities are not obliged to include provisions in their arrangements for Members to be able to appeal against findings that they have breached the Code of Conduct. In line with this, Sevenoaks District Council decided not to include appeal provisions in its arrangements (although for procedural irregularity a complaint can always be made to the Ombudsman).

The Localism Act 2011 makes no provision for sanctions against Members found to have breached the Code of Conduct. However, authorities are able to censure Members, to publicise breaches of the Code of Conduct, to arrange for a report to Full Council and to recommend that Members be removed from positions on committees and outside bodies. This Council decided to include provisions for the Monitoring Officer to be instructed to arrange training for the Member and/or conciliation, if appropriate, which is a useful practical measure for improving Member conduct.

Four formal complaints were received between January and December 2016. For comparison, there were six complaints between January and December 2015. Of the complaints during 2016, only one related to Member conduct allegedly acting in an official capacity and none involved proven serious misconduct. It appears that although the Code of Conduct is well observed there is no apparent hindrance to those who wish to make a formal complaint about Member conduct.

In respect of a withdrawn complaint, the subject Member will not know a complaint has been made. In respect of the matter detailed in the below table where no further action was taken, the Member involved declined his right to reply

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but was fully aware of the allegations against him. The allegations did not amount to a significant breach of the Code and no further action was appropriate.

It is the opinion of the Monitoring Officer that the system for Code of Conduct complaints is working well and that there is accordingly no need at the present time to revise Appendix S of the Constitution. Under the system, the Monitoring Officer first carries out an ‘initial intake test’ to determine whether the complaint can be processed.

If it passes that test, it will thereafter be assessed and the Monitoring Officer will take no further action, attempt informal resolution or recommend formal investigation. In the latter case, if the investigation concludes that there is evidence of failure to comply with the Code of Conduct, the Monitoring Officer (having consulted the Independent Person) will either seek informal resolution or refer the matter to the Standards Hearing Sub Committee.

Please see the below table for a breakdown of complaints received during 2016:

Date	Subject Member	Complainant	Received	Assessed	Result
12/02/16	District and Town Councillor	Public	16/02/16		Withdrawn-failed initial intake test.
9/06/16	District and Town Councillor	Town Member	9/06/16	27/07/16	No further action
13/10/16	Town Councillor	Public	13/10/16		Withdrawn-failed initial intake test.
27/10/16	Parish Councillor	Public	27/10/16		Withdrawn-failed initial intake test.

12. Support to Councillors, Cabinet, Scrutiny and Committee Meetings

The distribution and publication of committee reports, agendas and decisions is central to meeting the requirements of a key deliverable. It is the Monitoring Officer's responsibility to oversee the process and ensure that these documents comply with statutory and constitutional requirements. He also oversees the annual reporting to the Audit Committee of the proper working of the Members' Allowance Scheme.

Ensuring compliance with the committee process includes:

- Distributing and publishing all agendas within five clear working days of the meeting taking place and ensuring that all agendas are compliant with the access to information rules and exempt information is marked up accordingly.
- Advertising public meetings five clear days before the meeting date.
- Ensuring that papers are made available to the public.
- Drafting minutes for publication within nine working days.
- Publishing a record of all decisions including key decisions taken by Cabinet within 48 hours (2 working days) of the meeting.
- Ensuring that petitions are handled in accordance with the Council's Constitution including e-petitioning.
- Ensuring that meetings are accessible.
- Complying with the requirements of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.
- The Openness of Local Government Bodies Regulations 2014
- Attendance at Cabinet and Council.

One of the explicit aims of the Council has been to try and streamline the decision making process to allow Council to focus on service delivery. The following is the statutory meetings analysis, covering meetings which were serviced between 1 January 2016 and 31 December 2016:

Full Council Meetings (including 1 annual meeting)	5
Cabinet	15

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The volume of meetings represents a substantial commitment of both Councillors' and Officers' time and resources. It is of great importance that meetings constitute an effective use of time and resources; that they add value to corporate effectiveness and help in meeting the aims and objectives of the Constitution and the Community Plan and Corporate Plan.

The requirements for notice of Key Decisions set out in the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 are being followed to the satisfaction of the Monitoring Officer. There were no call-in requests during 2016.

The Council is required by Law to discharge certain scrutiny functions and this function is fulfilled to the satisfaction of the Monitoring Officer by the Scrutiny Committee.

13. The Transparency Code

The Council has been under a duty to publish a range of data under the Local Government Transparency Code and associated Regulations since 2014.

It is the Government's stated desire to place more power into citizens' hands to increase democratic accountability and make it easier for local people to contribute to the local decision making process and help shape public services. The Code has been issued to meet this desire. The Government has set out that "Transparency is the foundation of local accountability and the key that gives people the tools and information they need to enable them to play a bigger role in society. The availability of data can also open new markets for local business, the voluntary and community sectors and social enterprises to run services or manage public assets".

The Government published a revised and updated Code in 2015 and the Council remains committed to carrying forward the enhanced requirements of the new Transparency Code. The development of a new Council website, which will shortly go live, is aimed to provide improved access to Council information, including data sets required to be published by Government.

14. Member Training and Development

Members received training on a number of matters during the calendar year, including vital training on planning enforcement, development control and making defensible planning decisions. Throughout the year they have been kept up-to-date with developments relating to the Local Plan. Compulsory Licensing training is provided to Members on an annual basis and upon election all Members are provided with induction training.

Knowledge of the budget process is of great importance and the Chief Finance Officer provided a refresher session on budget setting in September.

15. Electoral Review Workshop and Parliamentary Boundary Review

During the year the Electoral Review Workshop considered whether to request the Local Government Boundary Commission for England (LGBCE) to undertake a review of the current electoral arrangements for the District. Members were advised that a review of arrangements were not required, that cost was not a material consideration for the LGBCE but that electoral equality was to be considered. Although some members thought a change was to be recommended, particularly if it would lead to fewer members, the Council determined on 22 November 2016 not to take any action but to defer any consideration of the matter until after the 2019 election.

Council also resolved that the Council would submit a consultation response to the Boundary Commission for England's proposals for new parliamentary constituency boundaries, which encompassed comments made by members relating to the

placement of various District wards. The outcome of the consultation is yet to be known.

16. Conclusion

The Council now has a new Monitoring Officer but the key legal provisions and challenges remain the same. There is a need for the Monitoring Officer to carry out both a proactive and reactive role in conjunction with the Standards Committee. This involves raising standards, encouraging ethical behaviour, adopting good governance and promoting robust procedures.

The Monitoring Officer has a reactive enforcement role and together with the Standards Committee's it is his job to enforce the Code of Conduct and relevant sections of the Localism Act 2011. As can be seen from the above, there are few reports of misconduct amongst Members and very few of any substance. Nevertheless, this is not cause of complacency and at all times it is necessary to be vigilant and active in safeguarding the reputation and legality of the Council.

The Monitoring Officer's Report sets out the elements of good governance and demonstrates that robust procedures are in place to raise ethical standards, identify problems and ensure that Members, Officers and the Public are aware of appropriate channels to raise concerns.

Martin Goodman
Monitoring Officer

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Item 7 (d) - Members' Allowance Scheme

The attached report was considered by the Governance Committee, relevant minute extract below:

Governance Committee - 2 February 2017 (Minute 10)

The Chief Officer Corporate Services presented a report which detailed amendments to Appendix G, Members' Allowance Scheme in the Council's Constitution. The scheme currently listed approved duties in Section 3 and Schedule 2. Members were increasingly being invited to meetings and events to represent the Council at the request of the Leader, Cabinet Members or Chief Officers, and therefore it was necessary to amend the Constitution to allow the expenses of such attendance to be claimed.

The Chief Officer advised that the proposed changes included the reiteration in section 3, paragraph 3.1 that "no expenses claimed more than three months after they were incurred will be paid." He also advised that the following description be added included as paragraph 3.1 (i) "attendance at meetings, training or other events where the Member is an official Council representative or requested to attend by the Leader, relevant Cabinet Member or Chief Officer".

Members were advised that there were some minor anomalies within the Scheme and proposed that the Head of Legal and Democratic Services be authorised to make any consequential amendments to the scheme.

Members discussed the need for the residents to understand the allowances that Members could claim and how the information could be made available. The Chief Officer advised that the Allowance Scheme was available online in the Constitution and that claim forms submitted by Members was also available but could investigate additional methods. The Audit Committee had recently reviewed Members' allowances.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Council that Appendix G, Members' allowance Scheme, of the Council's Constitution, be amended at paragraph 3.1 by

- i) the additional wording 'no expenses claimed more than three months after they were incurred will be paid' being inserted at the end of the first paragraph;
- ii) the additional approved duty (i)

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- ‘(i) attendance at meetings, training or other events where the Member is an official Council representative or requested to attend by the Leader, relevant Cabinet Member or Chief Officer’

MEMBERS' ALLOWANCES SCHEME

Council - 21 February 2017

Report of Chief Officer Corporate Services

Status For Decision

Also considered by Governance Committee - 2 February 2017

Key Decision No

Portfolio Holder Cllr. Anna Firth

Contact Officer Jim Carrington-West, Ext. 7286

Recommendation:

That Council be recommended to approve the amendments to the Members' Allowances Scheme set out in this report.

Reason for recommendation: Members are increasingly being invited to meetings and events to represent the Council at the request of the Leader, Cabinet Members or Chief Officers. It is necessary to amend the Constitution so as to allow the expenses of such attendance to be claimed.

Introduction and Background

- 1 The Member's Allowances Scheme ('the Scheme') is set out in Appendix G to the Council's Constitution and was made under the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003 (the 2003 regulations). In making the Scheme, the Council had regard to recommendations made by the Joint Independent Remuneration Panel.
- 2 The Scheme may be amended at any time and is updated annually, although mere updating for the purposes of reflecting the increases in allowances which arise due to the National Joint Council for Local Government Services pay award does not constitute an amendment.
- 3 The Scheme provides for a Basic Allowance and Special Responsibility Allowances. It also allows Members to be reimbursed travel, subsistence, Child and Dependent Carer's Allowance and conference expenses (subject to these listed expenses having been incurred when undertaking approved duties).
- 4 The Constitution provides a definition of approved duties and it is proposed to add to the list of approved duties to fully reflect the obligations placed

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upon Members. There is no intention to reduce the scope of the Scheme and only limited increases are proposed.

Proposed amendments

- 5 The current scheme lists approved duties and at Schedule 2 provides a list of example approved duties. It is proposed to add to the list on page 4 as a new letter 'i' the following description as an approved duty: "Attendance at meetings, training or other events where the Member is an official Council representative or requested to attend by the Leader, relevant Cabinet Member or Chief Officer."
- 6 It is understood that there are some further minor drafting anomalies within the Scheme, such as a reference in paragraph 2.4 (pensionable allowances) to an irrelevant date. It is proposed that the Head of Legal and Democratic Services be authorised to remove such anomalies and to undertake all necessary minor amendments.
- 7 Finally, it is proposed that it be reiterated as a new second sentence to paragraph 3.1 that 'no expenses claimed more than three months after they were incurred will be paid'.

Other Options Considered and/or Rejected

- 8 If the Scheme were not amended it would fail to reflect the changing obligations faced by Members.
- 9 It was considered whether to adopt the four point allowances scheme adopted by Kent County Council but it was considered that this did not fully reflect the currently well-observed practices and procedures of the Council. For the avoidance of doubt, the County Scheme lists the following approved duties (adapted in sense for Sevenoaks District Council):
 - a. Attendance at Council premises to undertake Council business, including attendance at Council, Cabinet and Committees (including group meetings) and to undertake general Member responsibilities;
 - b. Representing the Council at external meetings, including Parish and Town Councils and those of voluntary organisations where the Members are there on behalf of the Council;
 - c. Attendance at events organised by the Council and/or where invitations have been issued by or on behalf of Chief Officers or Members (including Chairman's events and other corporate events);
 - d. Attendance at meetings/events where the Member is an official Council representative or requested by the Leader, relevant Cabinet Member or Chief Officer.

Key Implications

Financial

- 10 Minimal. It is believed that the additional expenses claimable will not be significant. Nevertheless, the change is deemed necessary in order fairly to reflect the obligations of Members.

Legal Implications and Risk Assessment Statement.

- 11 The Member's Allowances Scheme is a constitutional document made under the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003 (the 2003 regulations). In making the scheme, the Council must have regard to any recommendations made by the Joint Independent Remuneration Panel. The Scheme is administered by Legal and Democratic Services and questions of interpretation fall to the Chief Executive and in his absence the Monitoring Officer.

Equality Assessment

- 12 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

- 13 For the reasons set out in this report it is proposed that the suggested amendments to the Scheme be recommended to Council.

Appendices and background papers

The Constitution of Sevenoaks District Council -
Appendix G: Members' Allowances Scheme
(2016/17)

Jim Carrington-West
Chief Officer Corporate Services

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APPENDIX G: Members' Allowances Scheme (2016/17)

1. INTRODUCTION

The Members' Allowances Scheme is made under the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003 (the 2003 Regulations) and other Regulations which may come into force from time to time.

In making this Scheme, the Council must have regard to the recommendations made by the Joint Independent Remuneration Panel.

This Scheme has effect for the financial year appertaining to the year it is introduced and continues until amended or revised.

This Scheme may be amended at any time having regard to the recommendations of the Joint Independent Remuneration Panel.

For the avoidance of doubt, where the only change to this Scheme is effected by annual updating of allowances, this Scheme shall be deemed not to have been amended.

2. STATUTORY MEMBERS' ALLOWANCES SCHEME

2.1 Basic Allowance

Every District Council Member shall be paid an annual basic allowance as set out in Schedule 1 below. It will be paid in instalments of one-twelfth on the 15th of each month, with minor adjustments where necessary to ensure that the total annual sum is correct. The allowance is subject to annual updating - see paragraph 2.8 below.

The basic allowance covers time incurred by a District Council Member in carrying out his/her ordinary duties for the Council. However, it excludes travel and subsistence allowances for approved duties which are referred to separately below. Furthermore, the Council makes available to Members a certain amount of equipment over and above the basic allowance. Again, this is referred to separately below.

2.2 Special Responsibility Allowances

An annual special responsibility allowance (SRA) will be paid to certain Members. SRAs will be paid in monthly instalments. They are not payable when a Member temporarily steps into another's role (say, when the Vice-Chairman chairs a meeting). The special responsibility allowances are set out in Schedule 1 below.

2.3 Child and Dependant Carer's Allowance

Members may claim an allowance in respect of expenses necessarily incurred in relation to the provision of care for their children and other dependants while

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carrying out approved duties. Approved duties are listed in a separate section below. Claims should be made monthly in arrears, by attaching the receipt(s) to the submitted Member's claim form and entering the amount claimed on the form. Claims will not be paid without documented receipts.

The allowance to be paid per dependent child per hour during normal daytime working hours (8am to 6pm on Mondays to Fridays) and a single maximum payment per hour as set in Schedule 1 for child care arranged outside normal working hours, accompanied by an official receipt.

The dependent adults carer's allowance will be paid up to the figure in Schedule 1 per hour for the employment of a replacement carer for whom the Member is normally a full time carer. This will also apply where the Member has to arrange care for a disabled dependent child. In either case, the definition of dependant being as set out in the Employment Rights Act 1996 (s.57A), such claims to be supported by a doctor's letter confirming that the dependant is in need of constant or specialist care/supervision; (NB Carer's allowance and the allowance payable in respect of a disabled dependent child, is not payable in respect of the same child for the same period.).

2.4 Pensionable Allowances

Statutory regulations allow local authorities to make certain allowances pensionable, but only if so recommended by their independent remuneration panel. At Sevenoaks it has been agreed that the option to allow Members to participate in the Local Government Pension Scheme should not be introduced at this time (February 2005).

2.5 Renunciation of Allowances

A Member may choose to forego all or part of his/her entitlement to basic or special responsibility allowances under this scheme. If this is the case, he/she should give notice of this in writing to the Chief Executive or Monitoring Officer, stating what element of his/her allowance entitlement he/she does not wish to claim. The notice should also state whether this is for the current municipal year or the remainder of the Member's term of office - if the notice does not specify a time period then it will be assumed to mean the remainder of the term of office.

A Member not wishing to claim the expenses described in section 3 below need not give notice in writing - he/she simply does not submit any expenses claim forms.

2.6 Publicising Allowances and Expenses Paid

As soon as reasonably practicable after determining a Scheme of Allowances, a copy of the Scheme will be made available for inspection and publication will take place in accordance with the 2003 Regulations.

As soon as practicable after 1st April each year arrangements will be made for the publication of the total paid to each Member in each category of allowance specified in this Scheme, in the preceding year.

2.7 Suspension of Allowances

Any Member/Co-optee who is suspended or partially suspended from his/her responsibilities or duties as a Member of the Council in accordance with legislation or regulations that may come into force from time to time may have his/her allowances withdrawn for the period of any suspension.

Where any payment allowance under this Scheme has already been made in respect of any period during which a Member/Co-optee is suspended or partially suspended or ceases to be a Member or Co-optee of the Council or is in any other way not entitled to receive the allowance in respect of that period the Council may require that such allowance or part of as relates to any such period be repaid to the Council.

2.8 Annual Updating

Members' allowances except for travelling expenses are updated annually in line with the National Joint Council for Local Government Services pay award.

3. **PAYMENT OF EXPENSES**

3.1 Approved Duties

Members/Co-optee members may claim reimbursement of travel, subsistence, Child and Dependent Carer's Allowance and conference expenses incurred whilst undertaking an approved duty.

Attendance at any of the following is an approved duty:

- (a) The attendance at a meeting of the District Council or of any committee or sub-committee or Working Group of the District Council, or of any body to which the Council make appointments or nominations, or any committee or sub-committee of such a body (If the outside organisation will pay travel and/or subsistence costs, then the Member should claim against that organisation and cannot claim from the District Council.);
- (b) The attendance at any meeting, the holding of which is authorised by the District Council, or a committee or sub-committee of the District Council, or a joint committee of the District Council and one or more local authority within the meaning of section 279(1) of the 1972 Act, or a sub-committee of such a joint committee provided that:-
 - (i) where the authority is divided into two or more political groups, it is a meeting to which members of at least two groups have been invited, or
 - (ii) if the authority is not so divided, it is a meeting to which at least two members of the authority have been invited;
- (c) the attendance at a meeting of any association of authorities of which the District Council is a member

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- (d) the attendance at a meeting of the executive (Cabinet) or a meeting of any of its committees;
- (e) the attendance at pre-meeting briefings by Chairmen and Vice-Chairmen of Committees;
- (f) the performance of any duty in pursuance of any standing order made under section 135 of the 1972 Act requiring a Member or Members to be present while tender documents are being opened;
- (g) the performance of any duty in connection with the discharge of any function of the District Council by or under any enactment and empowering or requiring the District Council to inspect or authorise the inspection of premises (including site visits for planning matters); and
- (h) the attendance of any pre-arranged meetings with Officers relating to issues within the Members' responsibilities. This would encompass Portfolio Holder briefings etc. In the event of any question of interpretation, the Chief Executive, or, in his absence, the Monitoring Officer, will decide.

Further Clarification of Approved Duties:

In-house training and development seminars including Members' Induction, Staff Induction and service-specific seminars

Conferences or seminars arranged by a Chief Officer.

Expenses will not be paid for attendance at national and regional bodies if the Member was not appointed to the organisation or event by the District Council.

Travel and subsistence allowances for co-opted and lay/expert members of committees and panels will be paid, at the same level as for elected Members.

Schedule 2 sets out tables of examples of what are approved duties. In specific cases not covered by this schedule Members should contact the Democratic Services Team. A decision will be made by the Chief Executive or the Monitoring Officer and the table updated accordingly

3.2 Travelling, Subsistence and other Expenses

Travelling Allowances

Travelling allowances are payable in accordance with the HMRC maximum tax free allowance from time to time:

Per mile up to and including 10,000 miles	45 pence
Over 10,000 miles	25 pence

Bicycles:

20 pence per mile tax free as per Inland Revenue's maximum tax free allowance

for claims.

Motorcycles:

24 pence per mile tax free as per Inland Revenue's tax free allowance for claims.

Public Transport:

Authorised journeys taken using public transport should be reimbursed at the cost of standard travel.

Travelling allowances may be claimed by Members for attendance at meetings of the bodies or for the purposes listed in 3.1 above.

Car sharing is encouraged by the Council for duties involving more than one Member. Any claim should be made by the vehicle driver only.

Travel by taxi should only be used in exceptional circumstances and, if it is necessary, should involve more than one Member if possible.

3.3 Subsistence Expenses and Council Refreshments

- A Member may claim reimbursement of subsistence costs incurred personally while on approved duties. The latter are described at a separate section below. In order to qualify for reimbursement:
- the Member must be away from his/her usual residence for a minimum of four hours (this time period applying only to the time spent in travel to and from, and attendance at, the approved duty outside the District)
- there must be no meal provided at the approved duty, either by the Council or any other organiser for the event
- claims will only be reimbursed for subsistence purchased in the close vicinity of a local event, or in the vicinity of, or whilst travelling to or from, an event more distant.
- the Member should attach a receipt to his/her expenses claim form to show that a meal was purchased (and the amount paid will be the amount incurred and shown on the receipt up to the maximum limit shown below).

The rates payable are set annually when the annual pay award is agreed. They are currently as set out in the table below.

Subsistence type	Details	Payment amount
Lunch allowance	Covers the period from 12 noon to 2 p.m.	£9.86

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Evening meal allowance	For a period of absence ending after 7 p.m.	£12.21
Absence overnight	To cover hotel and associated expenses - but note that, in these cases, the Council will book and pay for hotel accommodation directly (see 'conferences' at separate section below)	£79.82 (increased to a maximum of £91.04 in certain circumstances, e.g. for meetings in London and for LGA meetings)

If a meal is taken on a train, this is taken to relate to the subsistence allowance which it most closely equates to (i.e. lunch or evening). The above conditions still apply.

The Council may provide refreshments for 'approved duty' meetings which last over the lunchtime period or which start between 4.30 p.m. and 6 p.m.

The District Council requires that Members ensure that any overnight stay bookings for approved duties and conferences are made by Council Officers. The Council will then pay for the cost of the accommodation and breakfast. Lunch and evening meal costs up to the subsistence amounts shown above and travel will be claimable.

3.6 Child and dependant carer's allowance

Members may claim an allowance (set out in Schedule 1 below) for the use of childminders, babysitters or other sitters for dependants while carrying out approved duties. See section 2.3 above for details. Claims must be supported by receipts for payments made.

3.7 ICT and other equipment

Members are securely able to access all Council information and communications from any internet access point, including a home computer, through the Members' Electronic Portal. In order to recognise that part of the cost of provision of such equipment is for the performance of Members' duties, Members may make claim for the following financial support:

- (a) an allowance of up to £120 per annum is available to councillors paid on a yearly basis and separately from the Basic and other allowances. This allowance is available to Members who use their own IT resources to undertake their council duties;
- (b) In exceptional circumstances where a Member is unable to afford the purchase cost of a suitable computer the Council would consider assisting the Member by advancing a lump sum which would then be recovered via repayments from this allowance;

- (c) where a Member has been provided with a Council funded computer, no allowance will be paid; and
- (d) all such allowances are subject to tax along with Basic and Special Responsibility Allowances in the normal way.

3.8 Claims procedure

Claims for travel, subsistence and dependant carer's allowances must be made each month using the Members' claim form. Members can either submit a claim in writing or on-line. If any Member wishes to submit claims on-line, he/she is required to sign a 'request to submit forms via e-mail' and return it to the Democratic Services and Elections Manager so that a members' claim form can be sent electronically for completion. All claims must be received by the Democratic Services Team by the twentieth day of the month. This is essential as they must be verified and approved by the twenty third day of the month in time for the monthly payroll run on the fifteenth of the following month. Any claims received after these dates will be paid on the subsequent pay run.

Members should ensure that they submit claims each month as claims stretching back over several months may be delayed owing to the increased difficulty of verifying them. Claims over 3 months old will not be paid. All claims to be finalised within one month of the start of the financial year.

The claim form must include receipts for all expenses claimed other than car mileage, and must be signed by the Member to declare that he/she is entitled to all amounts claimed and has not already been reimbursed for these amounts by the Council or any other organisation. For those claims submitted electronically, all relevant receipts must also be submitted to support the claim.

If a Member wishes to reclaim tax paid on subsistence allowances, he/she must provide relevant receipts to HM Inspector of Taxes. If a Member applies for benefit, he/she must declare any allowances and expenses received from the Council on his/her application form.

Should it ever arise that the Council incurs expenditure on behalf of a Member's spouse or partner, then a debtor's account will be sent to the Member to recover all additional costs and a copy of the accounts will be placed with the file of payments to Members.

4. GUIDANCE FOR OFFICERS IN RESPECT OF PAYMENT TO MEMBERS

All Officers must adhere to the above scheme when verifying and making payments to Members. The Democratic Services and Elections Manager must verify all Member claims prior to passing them for payment taking particular note of Schedule 2. The Finance Team will maintain a file of payments to Members. For all payments under the Members' Allowances Scheme, this must show the name of the recipient, together with the amount and nature of each payment. It is open for inspection free of charge by electors in the area, who may copy any part of it.

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The scheme also applies to Officers incurring expenditure on a Member's behalf - if an Officer spends more than the prescribed limits shown above for a Member's travel and/or subsistence then *the Officer cannot claim the excess, but must bear the cost personally*. If an Officer wishes to make a claim for Member travel and/or subsistence, he/she must complete an employee travel and subsistence expenses claim form in the usual way, but stating clearly which Member(s) were paid for, and the details of the payment (cost, time of day incurred) which will allow it to be checked against the prescribed subsistence scheme. A copy must be sent immediately to the Finance Team for recording in the file of payments to Members.

If any other issue of payment to a Member arises, other than one covered by the above Members' allowance scheme or a normal service issue, then prior written approval should be obtained from the Chief Executive or Monitoring Officer.

When a department arranges any seminar, conference, course or visit which will incur costs on behalf of a Member, the lead officer must liaise with the Chief Finance Officer to ensure that only permitted expenditure is incurred. The lead Officer of the event should keep a list of Members attending an approved event, and forward it immediately afterwards to the Democratic Services and Elections Manager and the Finance Team to ensure that any subsequent Member claims for travelling and/or subsistence can be verified.

Tours outside the Sevenoaks District may be arranged by the relevant department. They will still require formal committee/cabinet approval and adequate budgetary provision. Any overnight stop, unless paid for directly by the Council, and any lunch or evening meals purchased for the Members involved must adhere to the subsistence rates shown above. If air tickets are reserved, the cheapest rate of public air travel must always be used.

Any proposed payment or commitment of civic funds must be referred to the Chief Executive or Monitoring Officer for prior approval. These Officers must ensure all payments so made remain within budgeted levels of expenditure, and that any payments to or on behalf of Members are recorded in the file of payments to Members.

Schedule 1**Members' Allowances Scheme (2014/15)**

Description of Allowance	2014/15 Allowance per Member (£)	2016/17 Allowance per Member £
Basic Allowance (all Members)	5,253	5,306
<u>Special Responsibility Allowances:</u>		
Opposition Group Leaders:		
Liberal Democrat (2 Members)	1,305	1,318
Cabinet Chairman (Council Leader)	15,761	15,919
Cabinet members	6,567	6,633
Deputy Cabinet Members	657	664
<u>Chairmen</u>		
Advisory Committees (x5)	2,102	2,123
Audit	2,102	2,123
Development Control	3,153	3,185
Governance	2,102	2,123
Health Liaison Board	2,102	2,123
Licensing	2,102	2,123
Scrutiny	2,102	2,123
Sevenoaks Joint Transportation Board	2,102	2,123
Standards	1,052	1,063
<u>Vice-Chairmen</u>		
Advisory Committees (x5)	525	530
Audit	525	530
Development Control	788	796
Governance	525	530
Health Liaison Board	525	530
Licensing	525	530
Scrutiny	525	530
Sevenoaks Joint Transportation Board	525	530
Standards	263	266
Committee Members:		
Development Control members	263	266

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Licensing Committee members	132	133
Carer's Allowance (All Members if appropriate)	Up to £6.19 per hour per Member	6.19
Dependent Carers Allowance	£16.00 per hour per Member	16.00
Travel and Subsistence Expenses	Reimbursed in line with the scheme in force for staff of the Council the National Joint Council for Local Government Services pay award	
I.T Allowance	123	124
Ancillary Expenses (broadband)	Nil	
Special Responsibility Allowance	Only one allowed	
Pensions	Nil	

Schedule 2

Members' Allowance Scheme - Approved Duties Specific Examples

- Attendance at a meeting of Council
- Attendance at a meeting of Cabinet (all Members)
- Attendance at a meeting of any Committee/Sub-Committee/Working Group/Board/Hearing of which you are a Member (attendance at Committee meetings as an observer is not considered an approved duty, the only exception to this being meetings of the Cabinet).
- Attendance at a meeting of any outside organisation that you are appointed to by the Executive or the Council
- Attendance at any Development Control Meeting and Development Control Site Meeting as agreed by the Chairman or Vice-Chairman of Development Control, if you are a member of Development Control or a local member for the ward concerned
- Attendance of any other site visit approved by Council, the Executive or any Committee/Sub-Committee/Working Group/Board/Hearing, if you are a member of the relevant body
- Attendance by a member of the Executive at any Committee/Sub-Committee/Working Group/Board/Hearing that is discussing matters within that members' Portfolio
- Attendance at any meeting organised by Officers of the Council to which at least two political groups have been invited
- Attendance at any training session organised by Officers of the Council to which the Member has been invited
- Attendance at any service-specific seminar organised by Officers of the Council to which the Member has been invited
- Attendance at any Conference or Seminar where prior agreement has been made by a Chief Officer of the Council
- Attendance at pre-meeting briefings by Chairman/Vice-Chairman of Committees/Sub-Committees/Working Groups/Boards/Hearings
- Attendance of members of the Executive at Briefing meetings
- Attendance of a member of the Executive that is required to attend a tender opening
- Attendance at any meeting pre-arranged by Officers of the Council relating to issues within the Member's responsibilities

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PAY POLICY STATEMENT

Council - 21 February 2017

Report of Chief Executive

Status For Decision

Key Decision: No

This report supports the Council promise to provide value for money

Portfolio Holder Cllr. Peter Fleming

Contact Officer Lee Banks, Ext. 7161

Recommendation to Council:

The Pay Policy Statement be adopted by the Council and published on the Council's website.

Reason for recommendation: To fulfil the Council's statutory requirements under the Localism Act 2011 to agree a Pay Policy Statement for the forthcoming year and to ensure it is accessible to the public.

Introduction and Background

- 1 Gaining its Royal Assent in November 2011 the Localism Act introduced, amongst a range of other duties, a requirement for local authorities to publish a Pay Policy Statement by 31 March each year. The Council's first Pay Policy Statement was approved by Council in February 2012.
- 2 Pay Policy Statements were introduced with the stated aim of making local authorities more accountable and transparent about their policies on senior officer pay.
- 3 Nothing in the pay accountability provisions supersede existing responsibilities and duties placed on local authorities in their role as employers. It is recognised that local authorities are individual employers in their own right and have the autonomy to make decisions on pay that are appropriate to their local circumstances and which deliver value for money for local taxpayers.

Pay Policy Statement

- 4 The draft Pay Policy Statement is attached at Appendix A to this report for Members consideration. Its content is defined by the regulations set out

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within sections 38 to 43 of the Localism Act 2011 and associated guidance issued by the Secretary of State for Communities and Local Government.

- 5 The Pay Policy Statement is required to set out the authority's policies relating to the remuneration of each of its chief officers, the remuneration of its lowest paid employees and the relationship between the two. The Statement must be approved by full Council by 31 March 2017 and will take effect from 1 April 2017. The Policy Statement is forward looking and any recruitment decisions taken between 1 April 2017 and 31 March 2018 regarding chief officers must take account of the commitments made in the Pay Policy Statement.
- 6 It is a requirement of the Localism Act that the Pay Policy Statement is approved annually by full Council, and this is a function that cannot be delegated. As a minimum, once the Statement is approved, it must be published on the Council website.

Other Options Considered and/or Rejected

- 7 None. It is a statutory requirement to produce and publish a Pay Policy Statement.

Key Implications

Financial

- 8 The Pay Policy Statement sets out the policies by which senior officers will be remunerated by the Council. Any such decisions on recruitment would be made within the wider context of the Council's budget and savings plan and create no new burdens on financial resources.

Legal Implications and Risk Assessment Statement.

- 9 Failure to publish a Pay Policy Statement, approved by full Council, by 31 March 2017 will be a breach of the Localism Act 2011.

Equality Assessment

- 10 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

- 11 The Pay Policy Statement sets out the elements of senior officer pay that enable the Council to attract high quality officers whilst protecting value for money to the community. Its approval by Council and publication on the Council website improve transparency and accountability whilst ensuring adherence to the Localism Act 2011.

Appendices

Appendix A - Pay Policy Statement

**Background
Papers:**

Localism Act, Chapter 8, Pay Policy Statements

<http://www.legislation.gov.uk/ukpga/2011/20/part/1/chapter/8/enacted>

Openness and accountability in local pay: Guidance under section 40 of the Localism Act (Communities and Local Government)

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5956/2091042.pdf

Openness and accountability in local pay: supplementary guidance

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/85886/Final_Supplementary_Pay_Accountability_Guidance_20_Feb.pdf

**Dr Pav Ramewal
Chief Executive**

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Sevenoaks District Council Pay Policy Statement 2017/18

1. Introduction

- 1.1 The Council's Pay Policy Statement sets out its policies for 2017/18 relating to:
- The remuneration of its chief officers,
 - The remuneration of its lowest-paid officers, and
 - The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.
- 1.2 The Pay Policy Statement is prepared in accordance with the requirements of the Localism Act 2011 and associated guidance published by the Secretary of State for Communities and Local Government.
- 1.3 The Statement has been approved by resolution of the full Council and the commitments made in the Pay Policy Statement will be applied to remuneration of chief officers during 2017/18.

2. Definitions

- 2.1 The following definitions have been applied in preparing the Pay Policy Statement:
- (a) Remuneration – the officers salary¹, any bonuses payable, any charges, fees or allowances payable, any benefits in kind, any increase or enhancement to pension entitlement and any amounts payable to the officer on them leaving the authority²
- (b) Chief Officers – the Head of Paid Service (the 'Chief Executive'), Statutory Chief Officers (Section 151 Officer & the Monitoring Officer), Non Statutory Chief Officers (Chief Officers).
- (c) Lowest-paid officers – this corresponds to the lowest pay point on which a full time, permanent officer can be appointed to when joining the Council. It does not relate to an individual job role. This definition has been adopted as a true and fair representation of the lowest paid salary point offered by the Council, although it does not necessarily mean that any officer working for the Council currently receives this level of pay. This definition provides a fair and accurate description for an entry level position into the authority, roles that require full supervision that have little, if any responsibility.

¹ In the case where an officer is engaged under a contract for services, the salary is equal to the payments made by the Council to the officer for those services.

² Other than amounts that may be payable by virtue of any enactment

3. Terms and Conditions

- 3.1 The general terms and conditions of employment are in accordance with those agreed by the National Joint Council for Local Government Services.
- 3.2 As Head of Paid Service, the Chief Executive shall have responsibility for the management of all officers, including the number and grade of officers and their organisation and structures.
- 3.3 The Council shall appoint such officers as it thinks necessary for the proper discharge of its functions or of another local authority's functions as fall to be discharged by the Council. All appointments shall be made on merit and in accordance with the Council's agreed policies and procedures.
- 3.4 Only under exceptional circumstances, where there is a proven benefit that will deliver clear value for money to residents, will the Council re-employ officers who have left with a severance or redundancy payment or are in receipt of a pension under the Local Government Pension Scheme. This may include re-engagement on a self employed basis with a contract for services. This Policy applies to both ex-employees of Sevenoaks District Council and of other local government organisations.
- 3.5 All officers appointed by the Council are paid as individuals with the correct personal national insurance and income tax contributions applied. The Council does not make permanent appointments through any other arrangements.

4. Remuneration of Chief Officers

4.1 Head of Paid Service

- 4.1.1 The Head of Paid Service holds the title of Chief Executive or any equivalent as determined by Council.
- 4.1.2 The Head of Paid Service is one of three statutorily required posts at the Council, alongside the Section 151 Officer and the Monitoring Officer. The Head of Paid Service holds overall responsibility for corporate management and operational functions. This includes:
 - Overall management responsibility for all Officers;
 - Provision of professional advice to all parties in the decision-making process;
 - Advising whether decisions of the Cabinet are in accordance with the budget and policy framework (in consultation with the Section 151 Officer (where they are not the same person) and the Monitoring Officer);

- Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Members (in consultation with the Section 151 Officer (where they are not the same person) and the Monitoring Officer);
- To be the Returning Officer and Electoral Registration Officer for the Council; and
- To represent the Council on partnership and external bodies as required by statute or the Council.

4.1.3 The remuneration for the Head of Paid Service will include:

- Salary in line with the Sevenoaks District Council Chief Executive pay scale, inclusive of the outer fringe allowance;
- Car Allowance of £6,000 per annum;
- Payment for acting as the Returning Officer at elections. Payments for each election are determined by the size of the electorate in the district, with the payment for national elections being set nationally and the payment for local elections set at county level; and
- An employer contribution to their pension of the amount required under the nationally determined terms of the Local Government Pension Scheme.

4.1.4 At the point of recruitment the salary of the Head of Paid Service will be determined by the level of skill and experience that they are evaluated as bringing to the role. In any case the salary will not exceed the top pay point of the Sevenoaks District Council Chief Executive pay scale.

4.1.5 The Head of Paid Service will, like all other officers, be able to increase their salary on an annual basis by demonstrating excellent performance when assessed through full participation in the Council's appraisal scheme, until the top point of the pay band is reached. The Head of Paid Service will also be entitled to receive any national pay award determined by the National Joint Council. No other increases or additions to their remuneration will be payable without a resolution of Council.

4.1.6 The Council does not adopt a performance related pay system for any officers outside of the appraisal scheme, including the Head of Paid Service.

4.1.7 The Council does not pay bonuses for any officers, including the Head of Paid Service, other than those determined by the appraisal scheme upon achieving outstanding performance.

- 4.1.8 The Council will not make payment to the Head of Paid Service if they are summarily dismissed.
- 4.1.9 If the Council makes the Head of Paid Service redundant a payment will be made to them based on their length of service (up to a maximum of 20 years) based on their actual weeks pay.
- 4.1.10 If the Head of Paid Service resigns their post they will not be entitled to any compensatory payment from the Council.
- 4.1.11 The following terms and conditions will also apply to the Head of Paid Service:
- The Head of Paid Service may be the Section 151 Officer, but may not be the Council's Monitoring Officer; and
 - The post of Head of Paid Service is politically restricted.

4.2 Non Statutory Chief Officers

- 4.2.1 Non statutory chief officers are defined in the Local Government and Housing Act 1989 as a person for whom the Head of Paid Service is directly responsible.
- 4.2.2 The remuneration for non statutory chief officers designated as Chief Officer will include:
- Salary in line with the Sevenoaks District Council Chief Officer pay scale, inclusive of the outer fringe allowance;
 - Car Allowance of £4,000 per annum;
 - Consideration of an additional responsibility allowance; and
 - An employer contribution to their pension of the amount required by the Local Government Pension Scheme.
- 4.2.3 At the point of recruitment an officer holding the post of a non statutory chief officer will be determined by the level of skill and experience that they are evaluated as bringing to the role.
- 4.2.4 An officer holding the post of a non statutory chief officer will, like all other officers, be able to increase their salary on an annual basis by demonstrating excellent performance when assessed through full participation in the Council's appraisal scheme, until the top point of the pay band is reached. An officer holding the post of a non statutory chief officer will also be entitled to receive any national pay award determined by the National Joint Council. No other increases or additions to their remuneration will be payable without a resolution of Council.

- 4.2.5 The Council does not adopt a performance related pay system for any officers outside of the appraisal scheme, including officers holding the post of a non statutory chief officer.
- 4.2.6 The Council does not pay bonuses for any officers, including officers holding the post of a non statutory chief officer, other than those determined by the appraisal scheme upon achieving outstanding performance.
- 4.2.7 The Council will not make payment to officers holding the post of a non statutory chief officer if they are summarily dismissed.
- 4.2.8 If the Council makes a non statutory chief officer redundant a payment will be made to them based on their length of service (up to a maximum of 20 years) based on their actual weeks pay.
- 4.2.9 If an officer holding the post of a non statutory chief officer resigns their post they will not be entitled to any compensatory payment from the Council.
- 4.2.10 The following terms and conditions will also apply to an officer holding the post of a non statutory chief officer:
- The posts held by non statutory chief officers are politically restricted.

4.3 Statutory Chief Officer – Monitoring Officer

- 4.3.1 The role of the Monitoring Officer is designated to the post of Head of Legal & Democratic Services, or an equivalent officer as determined by the Head of Paid Service.
- 4.3.2 The Monitoring Officer is one of three statutorily required posts at the Council, alongside the Head of Paid Service and the Section 151 Officer. The Monitoring Officer is responsible for:
- Maintaining the constitution;
 - Ensuring lawfulness and fairness of decision making;
 - Supporting the Standards Committee;
 - Advising whether decisions of the Cabinet are in accordance with the budget and policy framework (in consultation with the Head of Paid Service and the Section 151 Officer); and
 - Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Members (in consultation with the Head of Paid Service and the Section 151 Officer).

4.3.3 The Monitoring Officer cannot be the Section 151 Officer or the Head of Paid Service.

4.3.4 The remuneration of the Monitoring Officer will include:

- Salary at Band H to Band I of the Council's pay scale, inclusive of the outer fringe allowance;
- Car Allowance of £3,400 per annum;
- Consideration of an additional responsibility allowance; and
- An employer contribution to their pension of the amount required by the Local Government Pension Scheme.
- Terms as set out at 4.2.3 to 4.2.10 above.

4.4 Statutory Chief Officer – Section 151 Officer

4.4.1 The Section 151 Officer is one of three statutorily required posts at the Council, alongside the Head of Paid Service and the Monitoring Officer. The role of Section 151 Officer is designated to the Chief Finance Officer, or any suitably qualified officer as determined by the Head of Paid Service.

4.4.2 The Section 151 Officer is responsible for:

- Ensuring lawfulness and financial prudence of decision-making;
- Administration of financial affairs;
- Contributing to corporate management;
- Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Members and will support and advise Members and Officers in their respective roles; and
- Providing financial information to the media, members of the public and the community.

4.4.3 The pay policies applicable to this post are detailed at section 4.2.2 to 4.2.10 above.

4.4.4 The following terms and conditions will also apply to the Section 151 Officer post:

- The post of the Section 151 Officer is politically restricted; and
- The Section 151 Officer cannot be the Monitoring Officer but may hold the post of Head of Paid Service.

5. Transparency and Publication of Chief Officer Salaries

- 5.1 Further information about responsibilities and appointment of Chief Officers is published in the Council's Constitution. The provisions within this Pay Policy Statement do not alter the requirements and powers, which the Constitution sets out.
- 5.2 Further information about the salaries of Chief Officers is available on the Council's website. The Council's Statement of Accounts is published annually and includes a full breakdown of payments made to Chief Officers for the past year.
- 5.3 The transparency section of the Council's website includes the publication of the pay scales of all officers at the council who receive a full time equivalent salary in excess of £50,000 per annum.

6. Remuneration of lowest-paid officers

- 6.1 The salary of the lowest-paid role at the Council will be equivalent to the lowest pay point within Band A of the Council's salary scales inclusive of the outer fringe allowance.
- 6.2 All Council officers are able to increase their salary on an annual basis, until the top point of the pay band is reached by demonstrating excellent performance when assessed through full participation in the Council's appraisal scheme. All officers are also entitled to receive any national pay award determined by the National Joint Council. There is no other performance related or bonus payment payable to officers.
- 6.3 All Council officers are eligible to join the Local Government Pension Scheme. As their employer the Council will contribute to each officers pension the amount required by the Local Government Pension Scheme.

7. The Pay Relationship

- 7.1 The National Joint Council salary scales offer a fair and non-discriminatory approach to pay and grading reflected through a job evaluation scheme. Each role is individually assessed and evaluated to ensure an accurate level of pay. The result of evaluations reflects the level of responsibility associated with each respective post.
- 7.2 In 2016/17 the median average salary at Sevenoaks District Council was £23,745, which lies at spinal point 26 of Band C.
- 7.3 The pay multiple between the Chief Executive's salary and the median salary point is 6.0.

- 7.4 The Council is clear that pay at all levels is properly assessed and evaluated to ensure it accurately and fairly reflects the level of skill and responsibility associated with each respective post. Maintaining this approach will ensure that the Council is committed to a fair pay relationship and maintaining a proportionate pay ratio between the average pay level and that of the Chief Executive.

**APPOINTMENTS TO OUTSIDE ORGANISATIONS - SEVENOAKS TOWN
NEIGHBOURHOOD DEVELOPMENT PLAN STEERING COMMITTEE**

Council - 21 February 2017

Report of Chief Officer Corporate Services

Status For Decision

Key Decision No

Portfolio Holder Cllr. Fleming

Contact Officer Vanessa Etheridge, Ext. 7199

Recommendation to Council: That Councillor Hogarth be appointed to serve on the Sevenoaks Town Neighbourhood Development Plan - Steering Committee.

Reason for recommendation: to take up the opportunity provided by Sevenoaks Town Council.

Introduction and Background

- 1 The District Council has been asked to consider appointing a representative to the Sevenoaks Town Council's, Sevenoaks Town Neighbourhood Development Plan Steering Committee. The Terms of Reference are attached.
- 2 This report seeks authorisation to appoint Councillor Roddy Hogarth as the Sevenoaks District Council representative.

Key Implications

Financial

None directly arising from this report. Members are allowed to claim expenses as per Appendix G- Members Allowance Scheme.

Legal Implications and Risk Assessment Statement

Appointments to represent the Council on outside bodies are made in accordance with s.111 Local Government Act 1972 where the Council is satisfied that such appointments are necessary to, conducive to, or calculated to facilitate the discharge of their statutory functions. In not appointing to this Outside Body the Council's designated representation on the organisation would not be fulfilled.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

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Appendices

Sevenoaks Town Neighbourhood Development
Plan Steering Committee - Terms of Reference

Background Papers

[Council's Constitution](#)

Jim Carrington-West
Chief Officer Corporate Services

Updated 16/11/16 HD

Terms of Reference for the Sevenoaks Town Neighbourhood Development Plan Steering Committee

Introduction: At the Sevenoaks Town Council Annual Town Meeting held on 15th April 2013 members of the public signalled their support for Sevenoaks Town Council to begin work on a Neighbourhood Development Plan, which would set out the communities’ vision for Sevenoaks over the next 15-20 years and help to guide development. A Steering Committee made up of key local stakeholders and members of the local community was formed to oversee the creation of a draft plan which will then be put to public referendum (Residents within the Sevenoaks Town administrative boundary will be eligible to vote).

1. Naming and role

1.1. The Committee will be referred to as the “Sevenoaks Town Neighbourhood Development Plan Steering Committee” - STNDP

1.2 The Committee will be responsible for:

- i. Operational oversight of the Sevenoaks Town Neighbourhood Development Plan Project
- ii. Ensuring that the aims and targets set out in the Community Engagement Strategy are met.
- iii. Actively promoting the Neighbourhood Plan process to residents, local businesses, and stakeholders to encourage participation in the project and the sharing of views
- iv. The production and analysis of a Town wide questionnaire
- v. Assessing existing evidence bases which will impact the development Sevenoaks during the plan period
- vi. Consulting on emerging policies which are likely to be included in the draft plan
- vii. The production of the draft Neighbourhood Development Plan Document and any subsequent modifications prior to referendum

2. Membership

2.1 The Steering Group shall be made up of Local Stakeholders, Residents, and Professionals

2.2 Members of the Steering Committee shall be, as far as possible, representative of the demographics within Sevenoaks Town

2.3 At the Steering Committee formation meeting held on 14th January 2014 the following membership allocations were approved:

Organisation	No. Spaces allocated
Sevenoaks Town Council	3
Sevenoaks District Council	1
Kent County Council	1
Chamber of Commerce	1
Sevenoaks Town Partnership	1
Sevenoaks Society	1
Sevenoaks District Seniors Action Forum	1
Sevenoaks Youth Council	1
Specialised professionals / parishioners	6

Agenda Item 8b

2.4 The Steering Committee may expand this list to encompass other relevant local stakeholders where it considers appropriate.

2.5 Where members of the Steering Committee are representatives of an organisation it is the responsibility of the individual member to ensure that they have obtained the necessary consent of their organisation.

2.6 All meetings of the Steering Committee will be open to members of the public who wish to attend.

2.7 Members of the Public in attendance at Steering Committee meetings shall be free to contribute to the discussions taking place however will not hold voting rights.

2.8 Members of the Steering Committee must disclose any personal or financial interests which may conflict or coincide with the topics being considered as part of the Sevenoaks Town Neighbourhood Development Plan

3. Governance and decision making

3.1 The Steering Committee will be chaired by the Chairman of the Sevenoaks Town Council Planning Committee.

3.2 If the Chairman is not able to be present meetings shall be chaired by the Deputy Chairman of the Planning Committee, if neither is present members shall elect a Chairman for the meeting from those present

3.3 Decisions will be made by the consensus of formal Steering Committee members present at the meeting, where a vote is tied the Chairman will have the casting vote

3.4 All decisions are subject to the ratification by the Sevenoaks Town Council Planning Committee, who are the qualifying body in legislation charged with the delivery of the Neighbourhood Development Plan.

4. Meetings

4.1 Meetings of the Steering Committee will typically be held at 6pm in the Sevenoaks Town Council Chamber where possible

4.2 The Steering Committee will aim to meet with a frequency not less than once every 8 weeks.

4.3 Additional meetings may be arranged by the Chairman in liaison with Sevenoaks Town Council subject to at least 5 working days' notice being given prior to the date of the meeting to allow for adequate publicity.

5. Record keeping

5.1 The Town Council will endeavour to have an Officer present at all meetings of the Steering Committee who will be responsible for the production of minutes.

5.2 Minutes of meetings will be publically available and will be publicised on the Sevenoaks Town Neighbourhood Plan website.

5.3 Agendas for Steering Committee meetings will be circulated via email to all who have expressed an interest in the Neighbourhood Plan Process. Paper copies will be made available at the meeting.

6. Modifications to Terms of Reference

6.1 The Steering Committee shall review its Terms of Reference throughout the project and amend as it deems fit. Any Amendments to the Steering Committee Terms of Reference will require the agreement of Sevenoaks Town Council prior to taking effect.

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Date: 9 November 2016 - 3 February 2017

November 2016	Event	Comments
9 November	<ul style="list-style-type: none"> Staff Briefing - SDC 	
	<ul style="list-style-type: none"> Meeting with Standard Life - SDC 	
10 November	<ul style="list-style-type: none"> Staff Briefings - SDC 	
	<ul style="list-style-type: none"> Joint Licensing Partnership Event - SDC 	
	<ul style="list-style-type: none"> Cabinet 	
11 November	<ul style="list-style-type: none"> Remembrance Service - SDC 	
	<ul style="list-style-type: none"> Site visit to Bradbourne Car Park 	
14 November	<ul style="list-style-type: none"> Staff Briefing - Dunbrik 	
15 November	<ul style="list-style-type: none"> Police & Crime Panel pre-meet - Maidstone 	
	<ul style="list-style-type: none"> Police & Crime Panel - Maidstone 	
16 November	<ul style="list-style-type: none"> Meet Development Manager candidate 	
	<ul style="list-style-type: none"> DCN Members' Board - London 	
17 November	<ul style="list-style-type: none"> DCN Assembly - London 	
21 November	<ul style="list-style-type: none"> Meeting with Sunday Assembly - Swanley 	
22 November	<ul style="list-style-type: none"> Visit and talk at Lady Boswell's School - Sevenoaks 	
	<ul style="list-style-type: none"> Meeting re Sevenoaks Station Masterplan - SDC 	
	<ul style="list-style-type: none"> Council & Special Cabinet 	
28 November	<ul style="list-style-type: none"> Briefing by the Chief Constable - Maidstone 	
29 November	<ul style="list-style-type: none"> Pre-meeting at LGA - London 	
	<ul style="list-style-type: none"> Improvement & Innovation Board - London 	
	<ul style="list-style-type: none"> Guardian Public Service Awards Evening - London 	
30 November	<ul style="list-style-type: none"> Meet candidates for Head of Economic Development post 	
	<ul style="list-style-type: none"> Local Plan Presentation - SDC 	
December 2016		
1 December	<ul style="list-style-type: none"> Chair at CfPS Conference Workshop - London 	
	<ul style="list-style-type: none"> Cabinet 	
5 December	<ul style="list-style-type: none"> Policy & Performance Portfolio Holder Meeting - SDC 	
6 December	<ul style="list-style-type: none"> Staff Carol Service 	
	<ul style="list-style-type: none"> Planning Advisory Committee preparation meeting - SDC 	
	<ul style="list-style-type: none"> Telephone meeting with Val Shawcross - Deputy Mayor of London 	
7 December	<ul style="list-style-type: none"> Leadership Masterclass/Personal Best Certificate Presentation - SDC 	
	<ul style="list-style-type: none"> Green Belt Workshop - SDC 	
8 December	<ul style="list-style-type: none"> LGA Leadership Board - London 	
	<ul style="list-style-type: none"> Business Rates Task & Finish Group - London 	
	<ul style="list-style-type: none"> Development Control Committee 	
12 December	<ul style="list-style-type: none"> Chief Executive Appraisal Review with Cllr Lowe and Pav Ramewal- SDC 	
	<ul style="list-style-type: none"> Telephone meeting with Think Nation re digital together 	
	<ul style="list-style-type: none"> Kent & Medway Economic Partnership - Maidstone 	

Agenda Item 11

15 December	<ul style="list-style-type: none"> • LGA Telephone Interview 	
16 December	<ul style="list-style-type: none"> • Tour of Sevenoaks Businesses with Michael Fallon 	
19 December	<ul style="list-style-type: none"> • Meeting re Buckhurst - SDC 	
January 2017		
4 January	<ul style="list-style-type: none"> • Meeting re Call for Sites - SDC 	
9 January	<ul style="list-style-type: none"> • LGC Presentation preparation meeting - SDC 	
10 January	<ul style="list-style-type: none"> • Policy & Performance Portfolio Holder Meeting - SDC 	
11 January	<ul style="list-style-type: none"> • LGA Meeting re Innovation Zone - London 	
	<ul style="list-style-type: none"> • DCN Members' Board - London 	
12 January	<ul style="list-style-type: none"> • Swanley Sites Meeting - SDC 	
	<ul style="list-style-type: none"> • Scrutiny Committee Property Investment Strategy Working Group 	
	<ul style="list-style-type: none"> • Cabinet 	
13 January	<ul style="list-style-type: none"> • APSE Seminar - Presenter - Manchester 	
17 January	<ul style="list-style-type: none"> • Planning Advisory Committee 	
18 January	<ul style="list-style-type: none"> • West Kent Health Devolution Meeting with CCGs - SDC 	
	<ul style="list-style-type: none"> • LGA Leadership Board - London 	
	<ul style="list-style-type: none"> • Meeting at LGA re Innovations - London 	
	<ul style="list-style-type: none"> • Sevenoaks District Housing Study - SDC 	
19 January	<ul style="list-style-type: none"> • Group Executive Meeting - London 	
	<ul style="list-style-type: none"> • Group Pre-meeting Councillors' Forum - London 	
	<ul style="list-style-type: none"> • Councillors' Forum - London 	
	<ul style="list-style-type: none"> • LGA Executive - London 	
20 January	<ul style="list-style-type: none"> • West Kent Partnership Meeting - Tonbridge 	
	<ul style="list-style-type: none"> • Infrastructure Summit - Maidstone 	
23 January	<ul style="list-style-type: none"> • LGC Presentation preparation meeting - SDC 	
24 January	<ul style="list-style-type: none"> • Improvement and Innovation Board - London 	
	<ul style="list-style-type: none"> • Meeting re development of Swanley sites - SDC 	
25 January	<ul style="list-style-type: none"> • LGC Award Presentation - London 	
	<ul style="list-style-type: none"> • Planning Advisory Committee 	
26 January	<ul style="list-style-type: none"> • Fort Halstead Meeting - SDC 	
	<ul style="list-style-type: none"> • Meet candidates for Emergency Planning role 	
27 January	<ul style="list-style-type: none"> • District Leaders' Meeting - London 	
	<ul style="list-style-type: none"> • SEEC All member meeting - London 	
30 January	<ul style="list-style-type: none"> • Kent & Medway Economic Partnership Board Meeting - Maidstone 	
February 2017		
1 February	<ul style="list-style-type: none"> • Meeting with Fr David Gibbons 	
	<ul style="list-style-type: none"> • West Kent Integration Board - Tonbridge & Malling 	
	<ul style="list-style-type: none"> • Sevenoaks Town Forum 	
2 February	<ul style="list-style-type: none"> • DCN Conference - Warwick 	
3 February	<ul style="list-style-type: none"> • DCN Conference - Warwick 	